# EMNAMBITHI-LADYSMITH MUNICIPALITY

# ANNUAL REPORT

# 2010-2011

*As approved by council resolution taken on the 14th December 2011*

# TABLE OF CONTENTS

**Chapter 1** **PAGE**


| | |
|---|---|
| Mayors Foreword | 3 |
| Municipal Manager's Foreword | 4 |
| Overview of the Municipality | 5 |
| Purpose Statement | 12 |
| Vision | 12 |
| Introduction to the Annual Report | 13 |


**Chapter 2**


| | |
|---|---|
| Introduction | 15 |
| Background | 15 |
| National Key Performance Highlights | 15 |
| Statutory Application | 17 |


**Chapter 3**


| | |
|---|---|
| Human Resources and other Organisational Management | 19 |
| Skills and Level of Education Attained | 20 |
| Pension and Medical Aid Funds | 21 |
| Disclosure: Political Office Bearers and Senior Officials | 22 |


**Chapter 4**


| | |
|---|---|
| Audited Statements and Related Financial Information | 24 |


**Chapter 5**


| | |
|---|---|
| Functional Area Service Delivery Reporting | 28 |
| Council and EXCO | 29 |
| Finance | 33 |
| Economic Development | 38 |
| Governance and Transformation | 46 |
| Engineering | 49 |
| Electricity | 51 |
| Public Safety | 52 |


**CHAPTER 6**


| | |
|---|---|
| Annual Performance Report 2010/2011 (**ANNEXURE A)** | 55 |
| Performance Audit Committee Report (**Annexure B)** | 56 |
| Audit Committee Report (**Annexure C)** | 57 |
| Financial Statement 2010-2011 | 58 |

# CHAPTER ONE

## 1.1 MAYOR'S FOREWORD

It is with great pleasure for me to present the 2010-2011 Annual Report for the Emnambithi/Ladysmith Municipality, as requires in terms of section 121 of the Municipal Finance Management Act, No. 56 of 2003. Indeed, it is the first Annual Report tabled before the newly elected council. The 2010-2011 Financial Year was one of the most remarkable years in South African Local Government through a successful 2011 Local Government Elections. Furthermore, the success of 2011 Local Government Elections is justified by number of voters turn-out and significant political changes.

As the Mayor of the Emnambithi/Ladysmith Municipality, I have the privilege of observing our hard-working municipal employees performing various functions across the municipality's boundaries. As first-responders during emergencies, fixing roads, electrification of households, issuing of permits, maintaining our parks, collecting refuse as well as fulfilling the many responsibilities entitled to them in every hour of every day, all year long, they doing it with passion and commitment to serve the interest of our diverse communities. While their duties vary in scope, the commitment of the municipal employees remains constant.

This annual report provides insights into our work during the previous financial year. While the statistics provide an informative summary of what each department does, they do not adequately describe the professionalism and dedication of our municipal employees, who often perform their duties at times beyond the call of duty.

Lastly, this report represents the hard work of our municipal administration team. I have offered my deepest gratitude to all municipal employees and the entire council for their exceptional service to the people of Emnambithi/Ladysmith and their respective constituencies.

Following our municipality's pledge to our people that: *'we belong, we care, we serve'* the Emnambithi/Ladysmith Municipality is affirming its commitment to service excellence.

I thank you

**Cllr. MV Madlala**
**Mayor**

## 1.2 MESSAGE BY THE MUNICIPAL MANAGER

The financial year 2010-2011 has been one of the most successful periods, with regard to rendering of improved basic services to the community. These services include, but not limited, upgrading of rural roads, maintenance of recreational facilities, development and maintenance of cemeteries, refuse collection, electrification of households, construction of community facilities and job creation. The provision of these services informed by the Integrated Development Plan (IDP) and budget provisions made.

Our main challenge was to meet the needs of our diverse people by extending our services to rural communities. To pursue that, we able to capacity our municipal staff through various training programmes in order to excel in our service delivery initiatives.

Evidently, the municipality identified, pursued and completed the following developmental areas successfully:

- Increasing our refuse collection from 34 000 during 2009/2010 to 35 000 households in the year under review;
- Creating job opportunities through Siyazenzela Projects;
- Skilling of youth through Mass Skills Empowerment Programme;
- Developed and adoption of a sound municipal PMS, Risk Management and Anti-Fraud & Corruption Strategies;
- Completion of two Community Service Centers at St Chads and Roosboom areas;
- Achieving milestones in financial management and service delivery; and
- Significant reduction of electricity losses by June 2011 year end.

This information given above represents a selection of major performance targets that were set and achieved during the year under review.

The municipality is still continues to support developmental programmes which are aiming at creating business and employment opportunities through Local Economic Development (LED) programmes. The developmental drives also aimed at ensuring the utilization of our existing opportunities through agricultural and SMME's projects that improve our economy and creation of employment opportunities.

Lastly, I would like to thank the Mayor, Deputy Mayor, Speaker, council and entire municipal staff for their valuable contributions and unreservedly efforts which has made us succeeds as a municipality.

I thank you

**Mr. NJ Mdakane**
**Municipal Manager**

## 1.3 OVERVIEW OF THE MUNICIPALITY

The Emnambithi/Ladysmith Municipality established on 5 December 2000 comprises an area of approximately 3000 km$^2$ and falls within the Uthukela District Municipality.

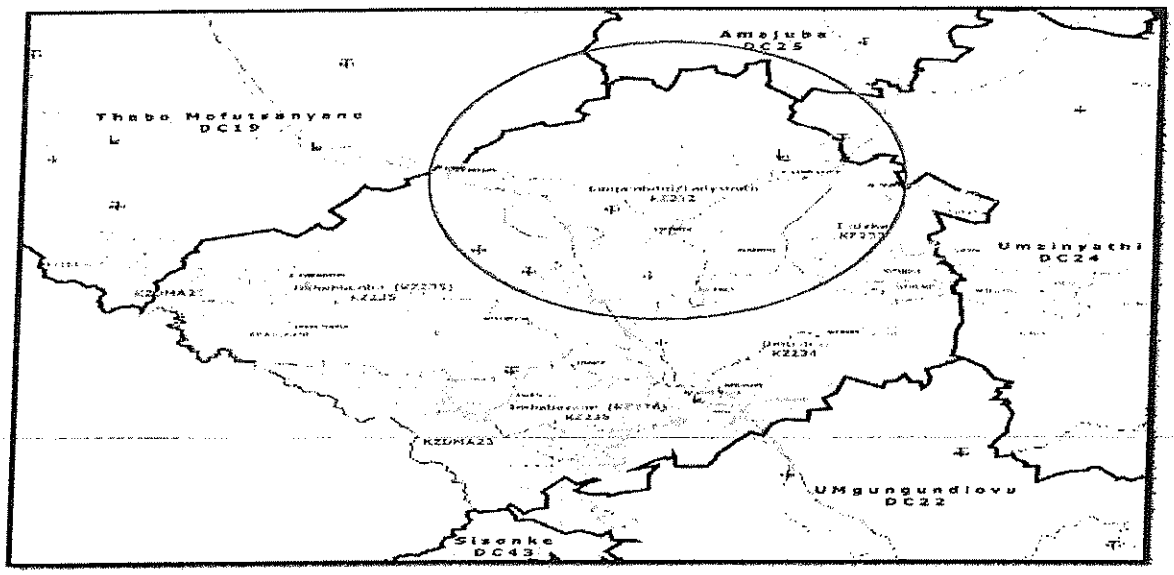
### 1.3.1 SITUATIONAL ANALYSIS

This section provides an analysis of the status quo in the Emnambithi/Ladysmith Local Municipality. It comprises of:

- Demographic profile;
- Economic sector analysis;
- Employment analysis;
- Income and expenditure profile; and

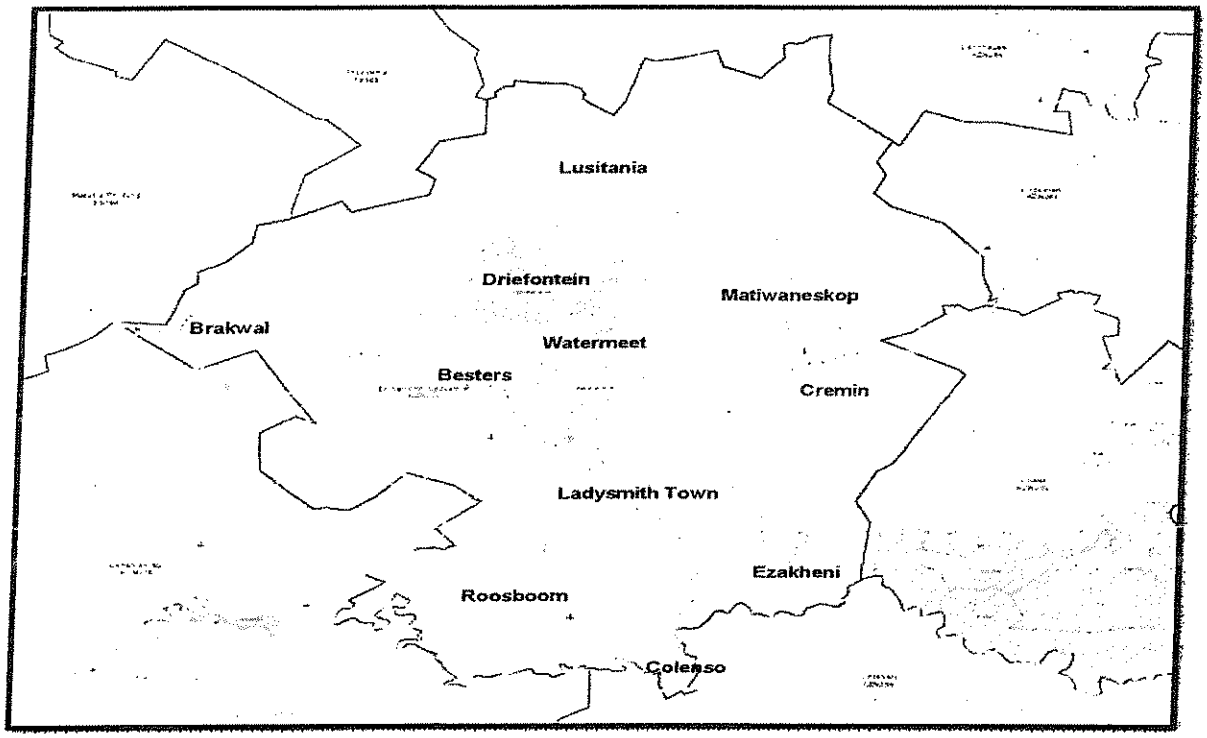
- Demographic Profile

The Emnambithi/Ladysmith Local Municipality falls within the uThukela District Municipality. The map below displays Emnambithi/Ladysmith in the wider uThukela District context:




The Municipality spans an area of 3020km$^2$ and covers the following settlement areas: the former Ladysmith TLC area, including Steadville and Ezakheni; two settlements administered by Abantungwa-Kolwa Traditional Authority; other settlements and privately owned farmlands, including Roosboom, St Chads, Rantjiesvlakte, Roodepoort, Kleinfontein, Klipfontein, Doornhoek, Emgazini, Mathondwane, Driefontein, Kirkitullock, Watersmeet, Mtateni, Burford, Watershed, Compensation, Hobsland, Matiwaneskop, Jononskop, Besters, Bluebank, Elandlaagte, Van Reenen, St Joseph's

Mission, Cremin, Maria Ratzchitz Mission, Steincoalspruit, Fort Mistake, and Lusitania[1].




The table on the following page displays the population and household profile of the municipality, including population, households, as well as densities:

| Population & Household Profile (2009) | |
|---|---|
| Population total | 241 091 |
| Household total | 51 597 |
| Population density (People per Square Km) | 81 |
| Household density (Households per Square Km) | 17 |

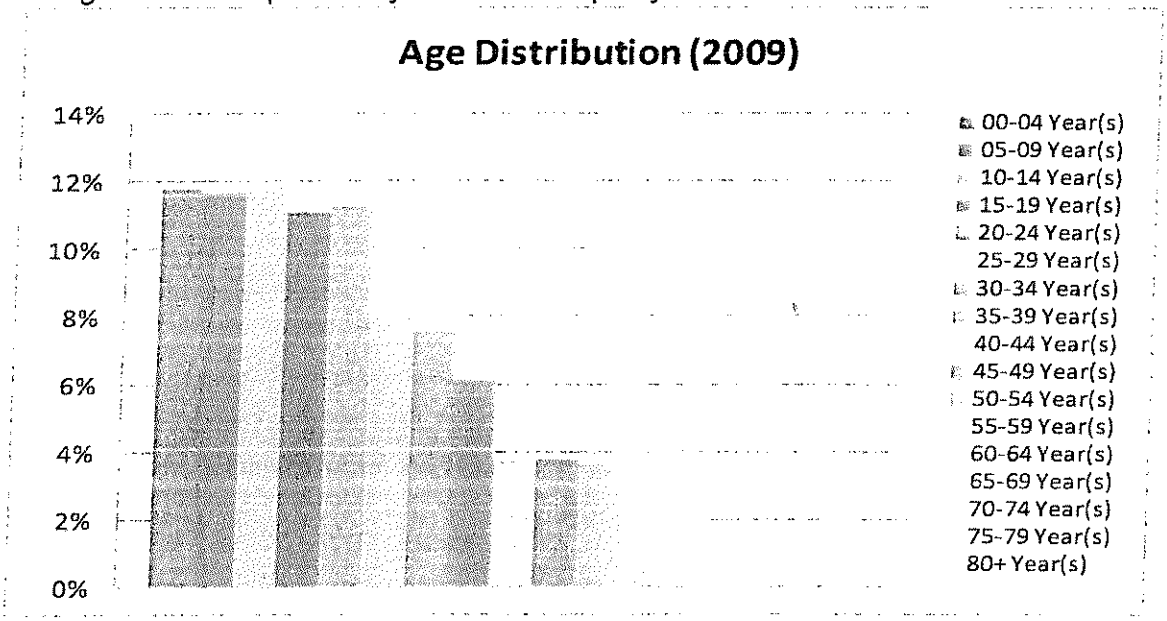
According to the Quantec's Standardised Regional Dataset, the population of Emnambithi was 241,091 in 2009. This indicates an average annual population growth rate of 0.84% per year since 2001, which is below the national population growth average of 1.17% since 2001. There are currently 4.67 people per household.

In terms of racial distribution, in 2009, 91% of the population were Black Africans, with only 1% being Coloured. 6% of the population was Asian while 2% were White. Of the total population in 2009, 53% were female and 47% were male.

The shape of the age distribution above is of some concern as it indicates that there is a large drop in the population from those aged 20-24 years old and

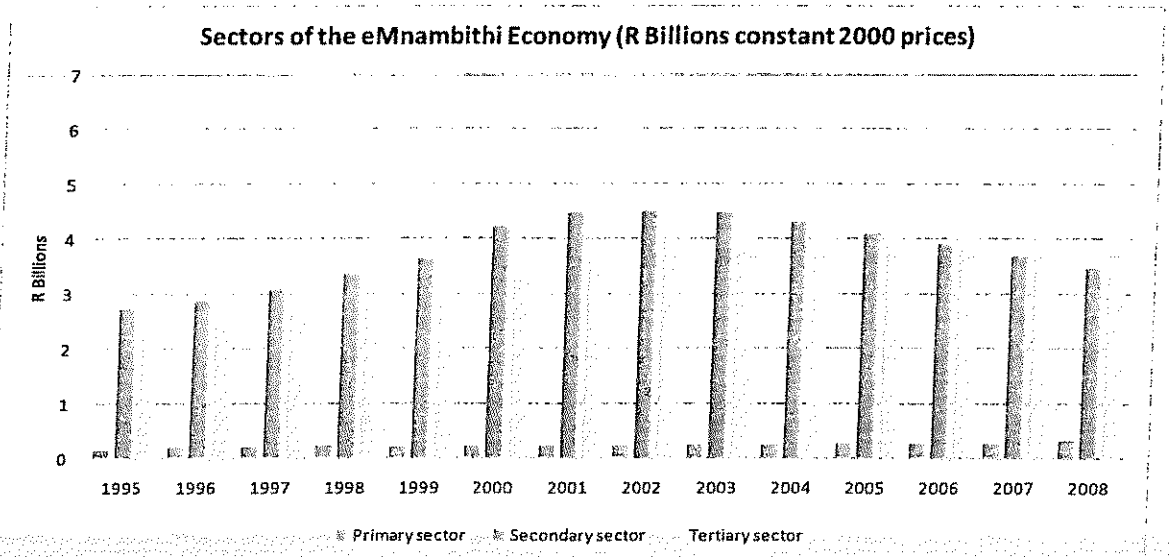
above. This could be due to out-migration of the youth in search of employment in other areas.

46.3% of the population are under the age of 19 years old, which indicates that a large portion of the population is under the working age and that there is high level of dependency in the municipality.



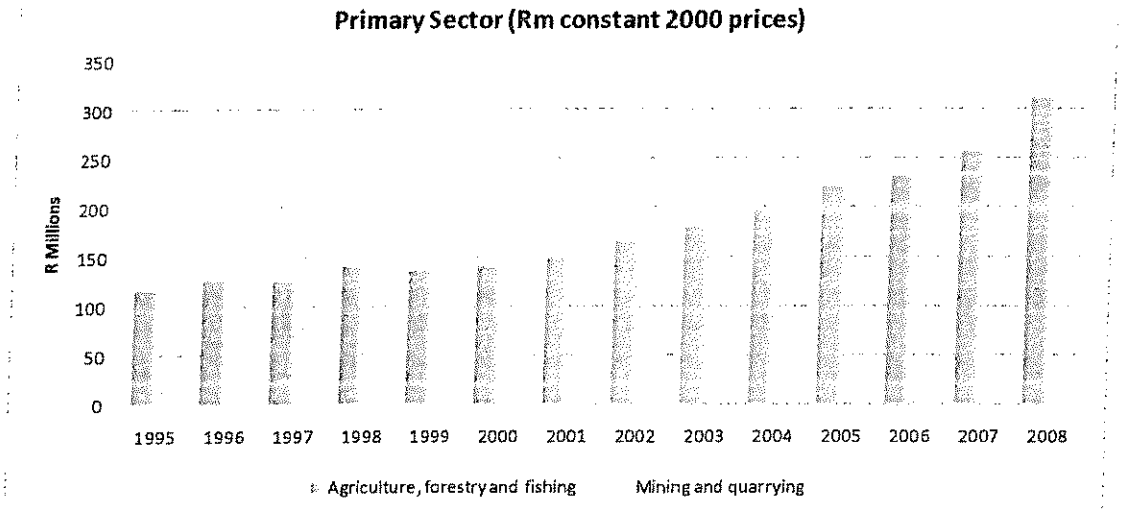

This sub-section undertakes a status quo assessment of the economic sectors in the Emnambithi/Ladysmith Local Municipality. It seeks to identify the main sectors in the economy, to identify trends within each sector, and to provide initial recommendations with regards to the development of certain industries or sectors.

- Economic Sector Analyst



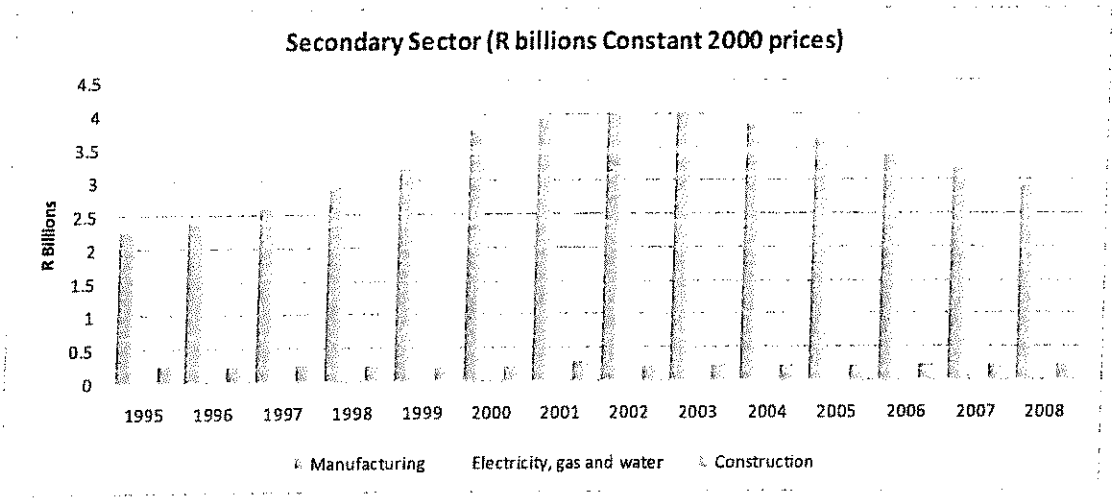
The primary sector which consists of agriculture, fishing & forestry and mining & quarrying, contributes the least to total production output, with a value of approximately R327 million in 2008. The secondary and tertiary sectors contribute much more too total output in the municipality, although since 2001, the secondary sector has declined substantially, with the tertiary sector continuing to increase exponentially since 2001.

The secondary sector contributed approximately R3.4 billion in 2008 in comparison with 2001/2002 when it contributed about R4.5 billion to total output. The tertiary sector more than doubled between 2001 and 2008, contributing approximately R6.3 billion to total output in 2008, up from R3.6 billion in 2001.




Agriculture, forestry and fishing (although fishing would not be included) has grown substantially since 2001, contributing 96% to total primary sector output in 2008, with a value of approximately R314 million. This sector has experienced an average annual growth rate of 11% between 2001 and 2008, which indicates the potential to enhance this sector.

Mining and Quarrying has declined considerably since 1998 due to the decline in the coal mining industry in that region, down from a contribution of R93 million in 1998, to approximately R13 million in 2008.

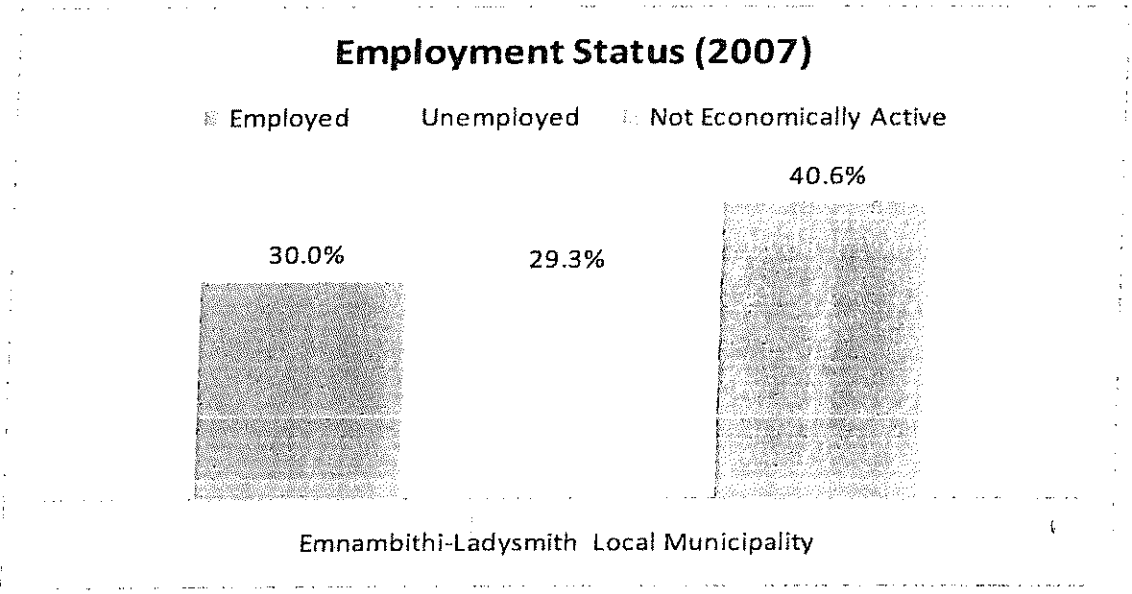



Most notable is the decline in the manufacturing industry since 2001/2002, with an average annual growth rate of -4% since 2001. Due to the large contribution of manufacturing to the total secondary sector production output values, this confirms why there has been a decline in the entire secondary sector since 2001. Manufacturing has decreased from approximately R4 billion in 2002 to approximately R2.9 billion in 2008, and is a sign of concern given that it is the single largest contributor to the entire Emnambithi local economy.

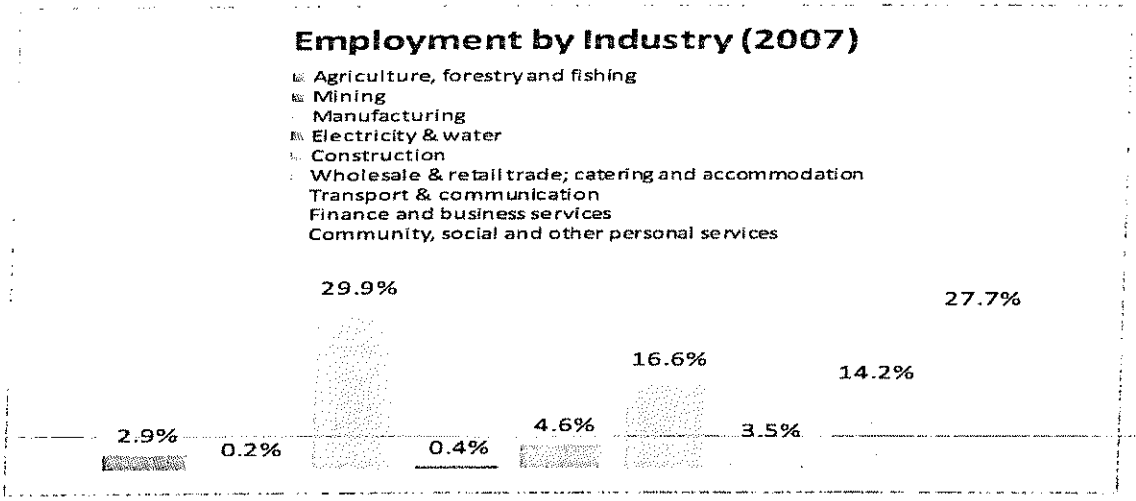
In terms of electricity, gas and water, production output has increased from approximately R200 million in 1998, to about R300 million in 2008. The construction industry has declined from its high of R306 million in 2001 to about R234 million in 2008.

- Employment Status

In 2007, 146288 people were eligible for employment (15-64 years old). Of these people, 30% were employed, 29.3% were unemployed, and 40.6% were not economically active. Graph below displays the breakdown of employment in Emnambithi/Ladysmith in 2007:



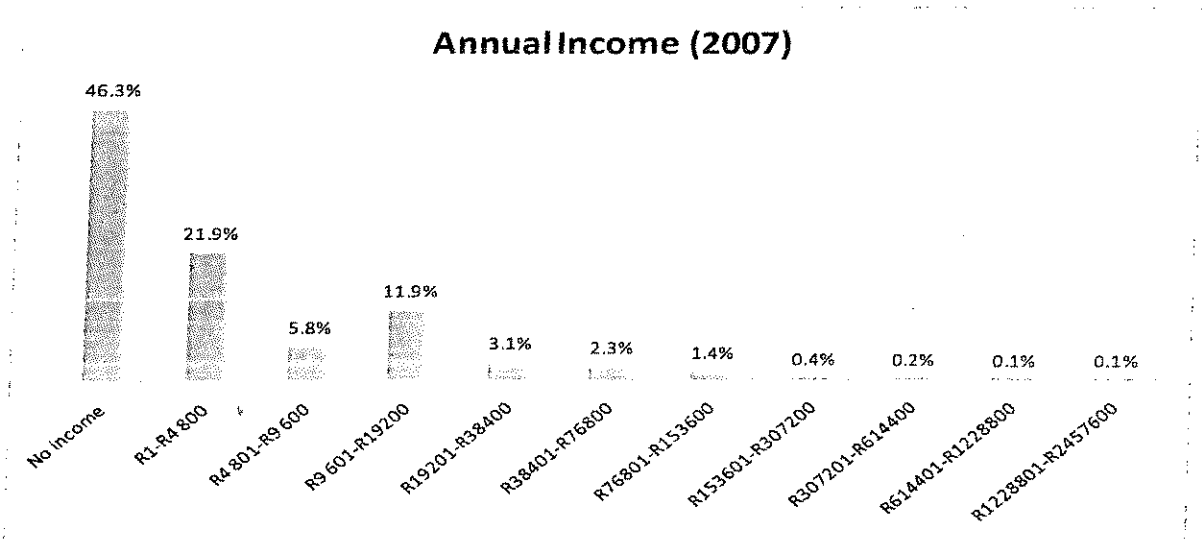

This is consistent with the age distribution presented earlier which indicates that a large portion of the population is under the age of 19 years, with only a small contribution from the working age brackets. Of those who were employed (53510 people), 79.3% were employed in the formal sector and 20.7% were employed in the informal sector.




The manufacturing industry is the largest contributor to employment hiring 29.9% of the formally employed, while community, social and other personal services contributes 27.7% to total formal employment. Wholesale, retail, trade and accommodation contribute 16.6% to formal employment, with finance and business services contribute 14.2%. Other sectors such as construction, agriculture, forestry and fishing, and transport and communications all contribute below 5% to total formal employment.

The Manufacturing Sector Strategy will provide a more in-depth analysis of employment in the manufacturing sector, breaking down this sector into its core sub-sectors. It will also provide an assessment into the critical components of the manufacturing sector that create substantial levels of

employment and contribute to growth and economic development in the Emnambithi/Ladysmith local economy.




46.3% of the population do not earn an income. This is consistent with the age distribution presented earlier which indicates that a large portion of the population of over or under the working age (39.7% of the population is under the age of 14 or over the age of 65). Almost 22% of the population earns between R1-R4800 per year, which is less than R400 per month. Almost 6% of the population earn between R4800-R9600 per year while 11.9% earn between R9600-R19200 per year.

This indicates that 39.6% of the income earning population earn below R1600 per month. Only 7.5% of the population earn over R1600 per month, which indicates that a large percentage of the Emnambithi/Ladysmith population is living in poverty.

## 2. PURPOSE STATEMENT

The purpose of the Emnambithi/Ladysmith Municipality is to provide a well serviced, safe, healthy and economically viable environment that enables all residents to take action so that all communities enjoy a high quality of life.

## 3. VISION

By 2021, Emnambithi/Ladysmith will be KZN's vibrant, industrial, commercial, trade and tourism inter-link, where all residents enjoy a prosperous, caring, safe and secure environment which promotes cultural diversity.
The current vision and the mission statement of Emnambithi /Local Municipality place emphasis on providing the local communities with quality services that will contribute in improving their quality of life. In order for the Municipality to realize the aims and objectives embodied in the above mentioned vision and mission statement, it has put emphasis on partnerships that would attract investors to provide support on local economic development projects, tourism, infrastructure development and other development projects that place great emphasis on the principles of Accelerated Shared Growth and Development in South Africa as well as the Expanded Public Works Programme.

The municipality's main goal is to improve the quality of life of the people through provision of free basics services and increasing the delivery of services provided by the Municipality.

The key priority areas of the Municipality are:

- Solid Waste Management
- Health Management
- Roads
- Spatial Planning
- Community Facilities
- Safety and Security
- Electricity
- Economic Growth
- Poverty Alleviation
- Job Creation
- Financial Management and Viability
- Organisational Design
- Employment Equity
- Skills Development
- Integrated Development Planning
- Performance Management
- Public Participation
- Ward Systems
- Corporate Governance
- Provision of descent Human Settlement

# 4. INTRODUCTION TO THE ANNUAL REPORT

The Municipal Systems Act (as amended) (MSysA) requires municipalities to prepare annual performance reports, based on the approved Integrated Development Plan. The MFMA and MSysA, read together, seek to promote financial and performance reporting by municipalities in a single and integrated annual report. The annual report is also an instrument for financial and performance corrective action in subsequent years.

The rigorous requirement for preparation and adoption of financial statements, performance reports and the annual report as a whole is intended to enhance transparency, accountability and good governance.

In terms of section 121(1) of the MFMA, every municipality and municipal entity must prepare an annual report for each financial year. The purpose of an annual report, pursuant to section 121(2), is to provide a record of activities, report on performance against the budget and promote accountability to the local community for the decisions made throughout the year.

*Table 1.1 Legislative requirements in terms of MFMA*

| Section | Requirement | Legislative Provision | Legislative Compliance |
|---|---|---|---|
| 121(3)(a) | Annual financial statements of the municipality | Annual Financial Statements of the municipality | Yes |
| 121(3)(b) | Auditor-General's audit report | Auditor-General's audit report in terms of S 126(3) on those financial statements | Pending |
| 121(3)(c) | Annual performance report | Annual performance report of the municipality prepared by the municipality in terms of S 46 of the Municipal Systems Act | Yes |
| 121(3)(d) | Auditor-General's audit report | Auditor-General's audit report in terms of performance audit section 45(b) of the Municipal Systems Act | Yes |
| 121(3)(e) | Accounting Officer's assessment on arrears | Assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges | Yes |

| | | | |
|---|---|---|---|
| 121(3)(f) | Accounting Officer's assessment of performance on each vote in the budget | Assessment by the municipality's accounting officer of the municipality's performance against performance on the measurable performance objectives referred to in section 17(3)(b) for each vote in the municipality's approved budget for the relevant financial year | Yes |
| 121(3)(g) | Audit corrective actions | Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d) | Oversight Report |
| 121(3)(h) | Explanations to clarify financial statements | Explanations that may be necessary to clarify issues in connection with the financial statements | Yes |
| 121(3)(i) | Other information | Information as determined by the municipality | Yes |
| 121(3)(j) | Audit Committee Recommendations | Recommendations of the municipality's Audit Performance Committee | Yes |
| 121(3)(k) | Other prescribed information | Other information as may be prescribed | N/a |

Section 46(1) of the MSysA requires municipalities to prepare a performance report for each financial year setting out the performance of the municipality and external service providers, comparison of the performance with the targets set for and performances in the previous financial year and measures taken to improve performance. As shown above, the annual performance report must form part of the Annual Report. A high priority for 2010/2011 is compliance with Chapter 6 of the MSysA (including S46) by developing and implementing a Performance Management System for the Municipality.

Chapter 12 of the MFMA contains a very wide range of provisions relating to financial reporting and auditing. With respect to the Annual Report specifically, the process of preparation and adoption includes the 'tabling' of annual reports, and the formulation of 'oversight reports' on annual reports.

The process for the adoption of the Emnambithi/Ladysmith Municipality's 2010/11 Annual Report is that it should be prepared in accordance with chapter 12 where possible and should contain information required by section 121. The Council is required to deal with the annual report within nine months after the end of the financial year, which is before 31 March 2012. This includes the adoption of an oversight report in accordance with S 129 (1) of the MFMA containing Council's comments on the Annual Report.

# CHAPTER 02

## INTRODUCTION

The Annual Performance Report of the Emnambithi-Ladysmith Municipality is tabled in terms of section 121 of the Municipal Finance Management act, 55 of 2003 and section 46 of the Municipal Systems Act, 2000 as amended.

## BACKGROUND

*The purpose of an Annual Performance Report is to provide a record of the activities of the municipality, report on performance against the budget and promote accountability to the local community for the decisions made throughout the year.*
Key legislative elements of the Annual Performance Report include as requested by the Auditor-general:

- The annual performance report of the municipality (S 46 MSyA) and Auditor-General's audit report on performance (S 45 (b) MSyA)
- An assessment by the Accounting Officer of the performance against the measurable performance objectives (S 17 (3) (b) MFMA)
- Details of corrective action taken or to be taken in response to issues raised in the audit reports

Section 46 of the Municipal Systems Act stipulates that -
"A municipality must prepare for each financial year a performance report reflecting –

- The performance of the municipality and of each external service provider during that financial year:
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year: and
- Measures taken to improve performance
- An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Financial Management Act."

## NATIONAL KEY PERFORMANCE INDICATORS

The Municipal Performance Report mainly reflects on the performance of each department against set Key Objectives, Key Performance Areas and Annual Targets. The Municipal Performance Management Systems of the Municipality mainly consist of different tools for assessment and reporting.

The assessment and reporting of evaluation is based on the following areas:

- Municipal Performance Management Policy Framework which was adopted by council in 2008.
- The Service Delivery Budget Implementation Plan (SDBIP), which provides quarterly reports and are submitted to Exco
- Mid-year Performance report, informed by the evaluation of the section 57 employees and the head of departments
- Performance Report is developed to give credence against set performance targets and measures to improve performance
- Lastly, the annual report is developed as means to provide a holistic picture on the administrative, Human Resource and Financial position of the municipality.

| Seq. | KEY PERFORMANCE AREAS | DEPARTMENT | ACHEIVEMENT | CORRECTIVE MEASURES |
|---|---|---|---|---|
| 1.2 | Solid Waste Removal** | ECONOMIC DEVELOPMENT | 40 000 on average | **Plants breakdown and uncontrolled weather conditions** |
| 2 | The percentage of households earning less than R2100 per month with access to free basic services Electricity and solid waste management. | Economic Development<br><br>Electricity | 100% | **Areas under Eskom distribution not accounted for** |
| 3 | The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan. | Finance | (Own: 88.73%<br>(External : 50.13) | **Delay in the procurement and delivery of goods** |
| 4 | The number of jobs created through municipality's local economic development initiatives including capital projects. | Engineering Services | 347 | **Some of the jobs a of a short term bases** |
| 5 | The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan. | corporate service | Targets achieved in the previous financial year | **New targets are set to be set for the new term of council** |
| 6 | The percentage of a municipality's budget actually spent on implementing its workplace skills plan. | Corporate services | 100% | **On target** |
| | $A = \frac{B - C}{D}$ | | | **None** |
| | *Where:* | finance | 4133.15% | |

| | | | | |
|---|---|---|---|---|
| | "A" represents debt coverage<br>"B" represents total operating revenue received<br>"C" represents operating grants<br>"D" represents debt service payments (i.e. interest redemption) due within the financial year; | | | |
| | $A = \frac{B-C}{D}$<br>*Where:*<br>"A" represent Liquidity position<br>"B" represent total current Assets<br>"C" self supporting loans<br>"D" current liabilities | finance | 1.63 : 1 | **Within the target** |
| 7 | $A = \frac{B}{C}$<br>*Where:*<br>"A" represents outstanding services debtors to revenue<br>"B" represents total Outstanding Service Debtors/Total borrowing<br>"C" represents annual Revenue Actually received for services | finance | 36% | **Need to improve debt collection measures** |
| | $A = \frac{B+C}{D}$<br>*Where:*<br>"A" represents cost coverage<br>"B" represents all available cash at a particular time<br>"C" represents investments<br>"D" represents monthly fixed operating expenditure | Finance | 2.82 | **Within target** |

## STATUTORY APPLICATIONS

Statutory applications seem to be on the increase irrespective of the fact that the whole country went through the global economic melt-down. This process has facilitated speedy delivery of development. For instance special consent application have gone from an average of 4 per month to 7 and the turn-around times irrespective of several committees that have to consent to have been greatly improved. On the other hand rezoning applications have been very laid-back with an average of none per month.

It is one of the forecast activities that when a town is going through development even though it may be at a low scale, illegal activities will also mushroom and needs to be controlled if we were to achieve harmony and order on land use. Therefore a number of unauthorised usages are also on the increase from an average of 3 per quarter to 5. Relaxations intertwined with subdivisions to smaller plots are also evident that people now desire to live in small properties as part of densification initiative.

| Applications Outstanding 30 June2011 | Categories | Number of new applications received/approved 2010/11 | Building and Zoning Plans Fees received Rand |
|---|---|---|---|
| | Township establishment | N/A | N/A |
| | Rezoning | 7 received<br>4 pending<br>3 approved | Between R1000 to R7000 |
| | Subdivisions | 4 received<br>2 pending<br>2 approved | Between R1000 to R10000 |
| | Building line relaxations/C onsent use | 57 received<br>46 approved<br>3 declined<br>8 pending | R550 |
| | Consolidation | 3 received<br>3 approved | Less than 1Ha = R2500<br>1ha and above=R5000 |
| | Special Consent | 49 received<br>41 approved<br>3 pending<br>5 terminated | R850 |

# CHAPTER 03

## HUMAN RESOURCES

### OVERVIEW

Human resources performs both line and staff functions which support and give direction to other departments regarding human resources. It incorporates Human Resource Provisioning comprising HR planning, recruitment, selection and induction as well as HR maintenance which comprises benefit structures, record keeping, turnover, advisory services, social responsibility, affirmative action and employment equity, health and safety, skills development, settlement of disputes (grievances and discipline), training, education and career management.

### PERSONNEL EXPENDITURE

| **Salary Types** | **2007/2008** | **2008/2009** | **2009/2010** |
|---|---|---|---|
| | **R** | **R** | **R** |
| Salaries & Allowance | 3832166.34 | 4,571,136.00 | 4375827.00 |
| Overtime and Standby | 200 813. 67 | 147 692. 00 | 106 377. 00 |
| Job Creation | 47 734. 00 | 269 071. 00 | 139 307. 00 |
| Pension | 741 832 21 | 588 869 71 | 808 421 00 |
| Medical Aid | 292 318. 00 | 312 302. 00 | 200 988. 00 |
| U.I.F. | 19 685. 20 | 21 575. 00 | 22 601. 00 |
| Group Life | 7 568 40 | 7 990. 00 | 6 388. 20 |
| Councillors Allowances | | | |
| Less: Charged Out | | | |
| **TOTAL** | ***5 142 117. 82*** | ***5 918 635. 71*** | ***5 659 909. 20*** |

### HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

| **Departments** | **Permanent Posts** | **Vacant Posts** | **Total Posts** |
|---|---|---|---|
| Executive and Council | 5 | 1 | 5 |
| Municipal Manager's Office | 6 | 3 | 9 |
| Finance department | 63 | 15 | 78 |
| Corporate Services | 49 | 3 | 52 |
| Economic Development and Planning | 130 | 25 | 155 |
| Governance and Transformation | 98 | 4 | 103 |
| Public Safety | 66 | 7 | 73 |
| Engineering Services | 80 | 3 | 83 |

| | | | |
|---|---|---|---|
| Electricity | 75 | 6 | 81 |
| **TOTAL** | **572** | **67** | **639** |

SKILLS AND LEVEL OF EDUCATION ATTAINED I.R.O TRAINING IMPLEMENTED

Councillors, Senior Officials and Managers

| No. | Skills Development Training | No. | Level Of Education Attained |
|---|---|---|---|
| 1. | Municipal Finance | 22 | NQF 6 |
| 2. | Project Management | | NIL |
| 3. | Program in Management Development | 1 | NQF 3 |

Professionals

| No. | Skills Development Training | No. | Level Of Education Attained |
|---|---|---|---|
| 1. | Computer Training – MS Word & EXCEL | 8 | NQF 6 |
| 2. | Employee Assistance Programme | 1 | NQF 5 |
| 3. | IDP Training | 3 | NQF 3 |

Clerks

| No. | Skills Development Training | No. | Level Of Education Attained |
|---|---|---|---|
| 1. | MS Word & EXCEL | 11 | NQF 5 |
| 2. | Induction Training | 10 | NQF 1 |
| 3. | IDP Training | 2 | NQF 4 |
| 4. | Municipal Finance | 4 | NQF 4 |
| 5. | Project Management | 13 | NQF 1 |
| 6. | Supply Chain Management | 23 | NQF 3 |

Craft & Related Trade Workers

| | | |
|---|---|---|
| 1. | MS Word | NIL |

Plant & Machine Operators

| No. | Skills Development Training | No. | Level Of Education Attained |
|---|---|---|---|
| 1. | Municipal Finance | | NIL |
| 2. | Carpentry | 4 | NQF 4 |
| 3. | Project Management | | NIL |

Elementary Occupations

| No. | Skills Development Training | No. | Level Of Education Attained |
|---|---|---|---|
| 1. | MS Word | 5 | NQF 3 |
| 2. | Carpentry | 3 | NQF 4 |

PENSION AND MEDICAL AID FUNDS

Pension Fund

The composition of membership per pension and provident fund was as follows: -

| Pension Fund | Number of Members |
|---|---|
| Councillors Pension Fund | 7 |
| Sala Pension Fund | 12 |
| Natal Joint Municipal Pension Fund | 533 |
| National Treasury Pension Fund | 23 |
| **Total** | **575** |

Medical Aid Funds

Membership to the medical aid funds was as follows: -

| Medical Aid Fund | Number of Members |
|---|---|
| LA Health | 3 |
| Bonitas | 45 |
| Global Health | 92 |
| Munimed | |
| SAMWUMED | 80 |
| **Total** | **220** |

DISCLOSURE: POLITICAL OFFICE BEARERS AND SENIOR OFFICIALS

The remuneration of political office bearers is as follows: -

| Designation | Total |
|---|---|
| | R |
| Mayor | R623 041 |
| Deputy Mayor & Speaker | R1004 046 |
| 9 Exco Cllr | R1735 999 |
| 39 Cllr | R7717 246 |
| **TOTAL** | **R11 080 332** |

The remuneration of senior officials is as follows: -

| DESIGNATION | SALARY | BONUS | SAL ALLOW | HOUSING | TRAVEL | MEDICAL | PENSION | GROUP LIFE | UIF/B/C | SUB TOTAL | STANDBY | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MUNICIPAL MANAGER | 734 994 | 117 115 | | | 172 482 | | | | | **1 024 591** | | **1 024 591** |
| EXECUTIVE MANAGER GOVN & TRANSFORMATION | 710 234 | 99 403 | | | 60 000 | | | | | **869 637** | | **869 638** |
| *EXECUTIVE MANAGER INFRASTRUCTURE | 639 833 | | | | 93 500 | | | | | **733 333** | | **733 333** |
| EXECUTIVE MANAGER ECONOMIC DEV | 382 076 | 99 403 | | | 152 935 | | 78 450 | | | **712 864** | 58 419 | **771 285** |
| *EXECUTIVE MANAGER (CFO) | 559 900 | | | | 173 433 | | | | | **733 333** | | **733 333** |
| MANAGER FINANCE | 396 192 | 33 016 | 112 509 | | 70 619 | 34 322 | 71 315 | | | **717 973** | | **717 973** |

| DESIGNATION | SALARY | BONUS | SAL ALLOW | HOUSING | TRAVEL | MEDICAL | PENSION | GROUP LIFE | UIF/B/C | SUB TOTAL | STANDBY | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHIEF CORPORATE SERVICE | 327 720 | 27 310 | | 5 556 | 154 661 | 31 075 | 82 016 | 5 112 | 1 547 | **634 998** | 66 855 | **701 852** |
| MANAGER PUBLIC SAFETY | 327 720 | 27 310 | | | 156 761 | 31 075 | 82 016 | | 1 547 | **626 429** | 66 855 | **693 284** |
| MANAGER ENGINEERING | 343 644 | 28 637 | | | 131 134 | | 85 911 | | 1 547 | **590 873** | 70 103 | **660 976** |

# CHAPTER 04

# ANNUAL FINANCIAL STATEMENT
# THE AG AUDIT REPORT

## REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON EMNAMBITHI/LADYSMITH MUNICIPALITY

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Emnambithi/Ladysmith Municipality, which comprise the statement of financial position as at 30 June 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 58 to 58.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010* issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emnambithi/Ladysmith Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

### Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

### Unauthorised expenditure

9. As disclosed in note 30 to the financial statements, the municipality incurred unauthorised expenditure of R18, 623 million due to overspending on certain votes within the approved budget.

### Material losses

10. As disclosed in note 25 to the financial statements, the municipality suffered material electricity distribution losses of R14, 507 million (22,667 million kilowatt hours).

### Material under spending of conditional grants

11. As disclosed in note 7 to the financial statements, the municipality's application for roll-over of unspent grants totalling R14, 955 million in respect of the Electricity Demand Side Management Grant (EDSM), Neighbourhood Development Partnership Grant (NDPG) and Integrated National Electrification Programme (INEP) grant was not approved.

### Restatement of corresponding figures

12. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered during 2010-11 in the financial statements at, and for the year ended 30 June 2010.

### Additional matter

13. I draw attention to the matter below. My opinion is not modified in respect of this matter:

### Unaudited supplementary schedules

14. The supplementary information set out on pages 55 do not form part of the financial statements and is presented as additional information. I have not audited these schedules, and, accordingly I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 55 and material non-compliance with laws and regulations applicable to the municipality.

### Predetermined objectives

The following criterion is relevant to the finding below:

### Usefulness of information

16. Consistency: Objectives, indicators and targets are consistent between planning and reporting documents.

The following audit finding relates to the above criterion:

17. The reported objectives, indicators and targets were not consistent with the approved integrated development plan.

### Compliance with laws and regulations

### Expenditure management

18. The municipality incurred expenditure that was not budgeted for and incurred expenditure in excess of the limits provided for in the votes in the approved budget, contrary to the requirements of section 15 of the MFMA.

19. Awards were made to providers whose directors/ principal shareholders are persons in service of other state institutions, in contravention of the requirements of regulation 44 of the Municipal Supply Chain Management (SCM) Regulations of 30 May 2005. Moreover, the service providers failed to declare that they were in the service of the state, as required by SCM regulation 13(c).

### Annual performance report

20. The annual performance report for the financial year under review was not prepared in all material respects in accordance with the requirements of section 46 of the MSA and section 121(3)(c) of the MFMA.

## INTERNAL CONTROL

21. In accordance with the PAA and in terms of *General Notice No.1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010,* I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### Leadership

22. The accounting officer did not exercise effective oversight responsibility to ensure that the municipality complies with laws and regulations as well as has and maintains an effective system of internal control over performance management.

### Financial and performance management

23. The accounting officer did not review and monitor compliance with applicable laws and regulations in relation to expenditure management.

## OTHER REPORTS

## INVESTIGATIONS

Investigations completed during the financial year

24. Five investigations were completed during the year under review in respect of non-compliance and irregularities in SCM processes and procedures. In one of the investigations, an employee was found guilty and dismissed, and in the other four investigations no irregularities were found.

Auditor-General

Pietermaritzburg

30 November 2011

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

# CHAPTER 05

## FUNCTIONAL AREAS

| *General Information* | **Total** |
|---|---|
| Geography<br>Geographical Area | 2 965 km² |
| Demography<br>High above sea level | 1 140m |
| Population per gender:<br>Male<br>Female | <br>104 988<br>120 470 |
| Number of Households:<br>Urban<br>Village | <br>33 435<br>17 094 |
| Indigent Population | 3 639 |
| Total number of voters | 121 664 |
| Age Breakdown of population:<br>65 years and over<br>Between 28 and 64 years<br>18 years and younger | <br>9 227<br>70 880<br>103 795 |
| Household income per month:<br>Owner R800<br>Between R801 and R1 600<br>Between R1 601 and R3 200<br>Less than R1 601 | <br>2 393<br>687<br>560<br>3 080 |

Source: 2001 statistics

## EXECUTIVE AND COUNCIL

### Overview

The Council and Executive Committee give effect to Section 156 of the Constitution, which provides for the powers and functions of the Municipality. A key role is to link the community, other spheres of government and staff in a common and co-ordinated direction that achieves the outcomes of the Integrated Development Plan. The Speaker ensures appropriate community participation and liaison on a daily basis.

### COUNCIL

A comprehensive lists of councillors is attached below.

### POLITICAL STRRUCTURE

The Emnambithi/Ladysmith Municipality consists of the following political office bearers:

| NAME | PORTFOLIO | POLITICAL PARTY |
|---|---|---|
| **Biyela Bonisiwe Beauty** | PR | NFP |
| **Buthelezi Mandla Justice** | PR | NFP |
| **Buthelezi Nduna Theophilus** | PR | IFP |
| **Cele Thembinkozi (Themba) Michael** | PR | DA |
| **Fakude Adrian Sibusiso** | Ward Councillor (22) | ANC |
| **Hadebe Amos Mdumiseni** | Ward Councillor (08) | ANC |
| **Hadebe Thulile** | PR (EXCO) | ANC |
| **Hlatshwayo Bethwell Mhlakaza** | PR | DA |
| **Hlatshwayo Phumlani Sydney** | Ward Councillor (23) | ANC |
| **Hlomuka Nkosingiphile Maurice** | Ward Councillor (09) | ANC |
| **Hurter Pieter Johannes** | Ward Councillor & EXCO (11) | DA |
| **Jele Philile Patricia** | PR | IFP |
| **Khumalo Ketha Andrias** | PR | NFP |
| **Kunene Lucy Khumbuzile** | PR | IFP |
| **Madinane Louis Sabelo** | Ward Councillor (07) | ANC |
| **Madlala Vincent Mayibhoyi** | PR (Mayor) | ANC |
| **Madonsela Busisiwe Rose** | PR | IFP |
| **Magasela Josiah Mkhipheni** | Ward Councillor (26) | ANC |

| NAME | PORTFOLIO | POLITICAL PARTY |
|---|---|---|
| **Magubane Musawenkosi Reginald** | Ward Councillor (27) | ANC |
| **Maharaj Rajendraprasath Jantheprasath** | PR | MF |
| **Makhaza Thulani Petros** | Ward Councillor & EXCO (15) | ANC |
| **Mazibuko Bongani Cyril** | Ward Councillor (25) | ANC |
| **Mazibuko Lungisani Osborn Zwelithini** | Ward Councillor (05) | ANC |
| **Mbatha Nqabeni Michael** | PR (EXCO) | IFP |
| **Mfusi Sindiswa Rose** | PR (Deputy Mayor) | ANC |
| **Mhlongo Njabulo Reeches** | Ward Councillor (10) | ANC |
| **Mkhize Bongani Dennis** | Ward Councillor (04) | ANC |
| **Mkhwanazi Octavia Sindisiwe** | Ward Councillor (24) | ANC |
| **Mlothswa Malandela Lincoln** | Ward Councillor (20) | ANC |
| **Mlotshwa Mosley Ntombizonke** | PR (EXCO) | ANC |
| **Mshengu Mduduzi Emmanuel** | PR | IFP |
| **Msomi Thamsanqa** | Ward Councillor & EXCO (02) | ANC |
| **Mthethwa Mncedisi Amos** | Ward Councillor (14) | ANC |
| **Ngcobo Zamokuhle Justice** | PR | NFP |
| **Ngubane Themba Wiseman** | Ward Councillor (13) | ANC |
| **Ngwenya Simphiwe Sunnyboy Cedric** | Ward Councillor (17) | ANC |
| **Niemand Rienus** | PR | ANC |
| **Nkomonde Sithembile Grace** | Ward Councillor (21) | ANC |
| **Radebe Sydwell Sihle** | Ward Councillor (18) | ANC |
| **Rassool Zehra Banu** | PR (Speaker) | ANC |
| **Shabalala Khanyisile Elizabeth** | PR | IFP |
| **Shezi Sanele Michael** | PR | ANC |
| **Sibisi Zama Joel** | PR | IFP |
| **Sithebe Sibongile Jennifer** | Ward Councillor (03) | ANC |
| **Sokhela Sibusiso Dennis** | Ward Councillor | ANC |

| NAME | PORTFOLIO | POLITICAL PARTY |
|---|---|---|
| | (19) | |
| **Suddaby Michael Rodney** | Ward Councillor (12) | DA |
| **Thabethe Tshelinkosi Herbert** | Ward Councillor (06) | ANC |
| **Thungo Bonani Favourite** | PR | ANC |
| **Vilakazi Sphamandla David** | Ward Councillor (1) | ANC |
| **Warasally Abbas Sheik Dawood** | PR | IFP |
| **Xaba Tholakele** | PR | ANC |
| **Zondi Priscilla Sphiwesihle Khokhiwe** | PR | NFP |
| **Zwane Mxolisi Lucky** | Ward Councillor (16) | ANC |

Description of the Activity

The functions exercised by the Executive Committee and Council of the municipality, and the services provided extend to all residents in the municipal area take into account the division of powers and functions between the district and local municipality.

The municipality is administered through a committee system that includes the Executive, Portfolio, Ward and other necessary committees such as the following:

| No | Meetings | Meetings Held |
|---|---|---|
| 1 | Ordinary Council | 14 |
| 2 | Ordinary EXCO | 19 |
| 3 | Special EXCO | 03 |
| 4 | Support Service Committee | 12 |
| 5 | Special Support Services Committee | 03 |
| 6 | Local Labour Forum | 06 |
| 8 | Council Workshops | 07 |

The local municipality has a mandate as listed in part B of Schedule 4 and part B of Schedule 5 of the Constitution exclusive of the district municipality functions listed in Section 84 of the Municipal Structures Act.

**Strategic objectives of this function and key issues for 2010-2011**

- To ensure that all households in Emnambithi/Ladysmith have access to basic services at specified standards
- To avoid the deterioration of the existing infrastructure network through a comprehensive maintenance and upgrading programme

- Improve accessibility in rural areas and improve road linkages between urban and rural components
- To stimulate local economic development with specific emphasis on tourism, agriculture, manufacturing and small scale industries
- To reduce poverty to a significant and measurable extent
- To ensure that there is an agreed approach and programme with key stakeholders who are needed to implement the IDP
- To integrate environmental management principles into all municipal activities
- To contribute to a reduction on the effects of AIDS pandemic
- To facilitate improvement of primary, secondary and tertiary education facilities and to improve access to skills development programme
- To ensure that internal decision-making processes are efficient and effective
- To compile a valuation roll for properties
- To ensure that revenue is optimally collected and sustainably managed
- To ensure that citizens are satisfied with the quality of service provision from the municipality and other service providers
- To ensure that the municipality has sufficient institutional capacity to meet the challenges associated with its transformation into a developmental municipal
- To move towards representivity in line with the employment equity plan
- To improve internal communication and to ensure that citizens are informed and given the opportunity to participate in Council processes

# DEPARTMENT: FINANCE

## COUNCIL PERSONNEL EXPENDITURE

| | 2009/2010 | 2010/2011 |
|---|---|---|
| | | |
| Salaries & Allowance | R 78 323 804 | R 88 604 519 |
| Overtime and Standby | R 6 636 908 | R 6 973 300 |
| Job Creation | R 12 186 594 | R 15 728 709 |
| Pension | R 11 278 422 | R 12 509 405 |
| Medical Aid | R 3 759 389 | R 4 161 368 |
| U.I.F. | R 786 337 | R 925 544 |
| Group Life | R 72 326 | R 72 931 |
| Councillors Allowances | R 10 589 942 | R 11 080 332 |
| Less: Charged Out | (R 14 633 796) | (R 13 998 464) |
| **TOTAL** | **R 108 999 926** | **R 126 057 644** |

## Monthly Billings Per Service

| Service: Rates | Month | Amount Billed R | Amount Received R |
|---|---|---|---|
| | July 2010 | 9 606 041 | 1 308 164 |
| | August 2010 | 11 839 642 | 9 578 269 |
| | September 2010 | 6 840 328 | 9 105 109 |
| | October 2010 | 9 458 092 | 6 322 724 |
| | November 2010 | 9 301 214 | 9 690 327 |
| | December 2010 | 8 944 761 | 7 113 893 |
| | January 2011 | 8 651 075 | 7 651 697 |
| | February 2011 | 8 997 594 | 14 064 165 |
| | March 2011 | 8 998 077 | 11 066 297 |
| | April 2011 | 8 945 954 | 7 702 235 |
| | May 2011 | 2 927 907 | 7 462 269 |
| | June 2011 | (712 465) | 6 287 117 |
| **TOTAL** | | **93 798 219** | **97 352 266** |

| Service: Electricity | Month | Amount Billed (Excl. Vat)R | Amount Received (Excl. Vat)R |
|---|---|---|---|
| | July 2010 | 13 826 859 | 10 329 135 |
| | August 2010 | 13 470 953 | 12 680 573 |
| | September 2010 | 10 217 383 | 13 422 589 |
| | October 2010 | 10 088 829 | 10 823 054 |
| | November 2010 | 11 370 921 | 9 870 528 |
| | December 2010 | 10 562 992 | 12 532 973 |
| | January 2011 | 12 567 411 | 10 210 675 |
| | February 2011 | 10 084 231 | 11 590 837 |
| | March 2011 | 9 841 995 | 11 401 238 |
| | April 2011 | 10 505 110 | 9 837 538 |
| | May 2011 | 9 609 248 | 10 576 137 |
| | June 2011 | 12 014 592 | 9 659 661 |
| **TOTAL** | | **134 160 523** | **132 934 938** |

| Service: Refuse | Month | Amount Billed (Excl. Vat) R | Amount Received (Excl. Vat) R |
|---|---|---|---|
| | July 2010 | 573 950 | 434 502 |
| | August 2010 | 585 275 | 460 542 |
| | September 2010 | 544 380 | 479 375 |
| | October 2010 | 561 405 | 403 407 |
| | November 2010 | 703 233 | 700 893 |
| | December 2010 | 556 177 | 479 023 |
| | January 2011 | 548 649 | 459 559 |
| | February 2011 | 615 407 | 468 308 |
| | March 2011 | 572 112 | 585 947 |
| | April 2011 | 566 702 | 456 039 |
| | May 2011 | 462 458 | 455 951 |
| | June 2011 | (168 640) | 470 981 |
| **TOTAL** | | **6 121 007** | **5 854 526** |

## Debtor Collections

| Amount Billed (Excl. Vat) | Amount Received (Excl.Vat) |
|---|---|
| **R 234 079 749** | **R 236 141 730** |

## Debtors Age Analysis (Incl. Vat)

| Service | Future | Current | 30 | 60 | 90 | +120 |
|---|---|---|---|---|---|---|
| | R | R | R | R | R | R |
| Rates | 53 698 | 793 156 | 2 193 108 | 1 245 372 | 1 202 007 | 63 662 554 |
| Electricity | 57 533 | 14 581 973 | 1 582 675 | 263 138 | 139 966 | 5 532 838 |
| Refuse | 3 858 | 674 341 | 219 795 | 148 729 | 140 347 | 3 852 493 |
| Sundry | 10 677 020 | 1 345 469 | 802 329 | 871 805 | 1 045 805 | 8 001 924 |
| **TOTAL** | **10 792 109** | **17 394 939** | **4 797 907** | **2 529 044** | **2 528 124** | **81 049 810** |

## Write Off of Bad Debts / Indigent for 2010/2011

| Service | Bad Debt R | Indigent : R | Total: R |
|---|---|---|---|
| Rates | Nil | 4 624 980 | 4 624 980 |
| Electricity | 1 027 579 | 1 197 675 | 2 225 254 |
| Refuse | 651 398 | 6 531 714 | 7 183 112 |
| Sundry | 1 047 667 | 51 586 | 1 099 253 |
| **TOTAL** | **2 726 644** | **12 405 955** | **15 132 599** |

## Property Rates

| | |
|---|---|
| Rates collectible for the 2010/2011 Year (After Rebates) | R 96 694 752 |

## Indigent Policy

| | |
|---|---|
| Quantity (number of households affected) | 13 466 |
| Quantum (total value across municipality) | R 12 405 955 |

## Creditors Payments

| Month | Amount R |
|---|---|
| July 2010 | 35 172 122 |
| August 2010 | 38 217 816 |
| September 2010 | 33 653 407 |
| October 2010 | 17 707 705 |
| November 2010 | 39 216 030 |
| December 2010 | 27 830 637 |
| January 2011 | 15 128 821 |
| February 2011 | 21 572 134 |
| March 2011 | 28 307 326 |
| April 2011 | 23 984 177 |
| May 2011 | 31 586 394 |
| June 2011 | 23 860 989 |

## External Loans

| Details | Interest Rate | Date Redeemable | Balance as at June 2011 R |
|---|---|---|---|
| FNB | 9.10% | Fully Redeemed | Nil |
| ABSA | 9.10% | Feb 2026 | 5 588 945 |
| ABSA | 9.33% | June 2013 | 2 295 108 |
| **TOTAL EXTERNAL LOANS** | | | **7 884 054** |

| Key performance area | Key Performance indicator | Current | Target |
|---|---|---|---|
| To ensure that the final accounts are completed timeously and that a clean audit report is obtained. | Final accounts prepared within legislated timeframe<br><br>An unqualified audit report is received | Within 2 months<br>Unqualified Report | Within 2 months<br>Unqualified report |
| Ensure compliance with the Municipal Finance Management Act and the Procurement Policy | Implementation of MFMA Implementation Plan<br><br>Develop a MFMA compliant Supply Chain Management Policy | 90%<br><br>Achieved | 90%<br><br>Achieved |
| Accuracy of the Management Information, debtors and Budget | The debtors receive accounts timeously and queries are cleared accordingly.<br>The help-desk is operational to assist consumers with queries. | 90% | 5 days of month end<br>Help desk<br><br>100% |
| Asset Management and Investments | Required assets are recorded in Financial Required Systems.<br><br>The Municipality has sufficient Investments to avoid short-term borrowing | 95%<br>R 54 million In Short Term Investments and R 83 million in Call Account | 95%<br><br>R10 million |

## KEY FINANCIAL PERFORMANCE INDICATORS

ASSESSMENT OF TAX AND TARIFF ARREARS BY THE ACCOUNTING OFFICE MFMA SECTION 121(3)(e)

| No. | Accounts Group | Count | Current | Arrears | Total | % Of Total Arrears |
|---|---|---|---|---|---|---|
| 1 | APPLICATION INDIGENCY | 3 363 | R 136 237 | R 149 080 | R 285 317 | **52.3%** |
| 2 | AUTOMATIC INDIGENCY | 1 550 | R 40 700 | R 1 176 789 | R 1 217 489 | **96.7%** |
| 3 | BULK ACCOUNTS | 72 | R 7 967 621 | R 732 385 | R 8 700 006 | **8.5%** |
| 4 | DEPARTMENT OF PUBLIC WORKS | 1 179 | R 436 623 | R 8 246 449 | R 8 683 072 | **95%** |
| 5 | DEPARTMENTAL ACCOUNTS | 119 | R 202 464 | (R18 769) | R 183 695 | - |
| 6 | EXCEPTION LIST | 1 | - | (R 32) | (R 32) | - |
| 7 | EXTERNAL HANDED OVER ACCOUNTS | - | - | - | - | - |
| 8 | FINAL ACCOUNTS | 4 384 | R 71 418 | R 1 045 890 | R 1 117 308 | **93.6%** |
| 9 | HOUSING & LOAN ACCOUNTS | 449 | R 17 544 | R 384 551 | R 402 095 | **95.7%** |
| 10 | IN-HOUSE HANDED OVER ACCOUNTS | 16 509 | R 54 084 | R 53 620 810 | R 53 674 894 | **99.9%** |
| 11 | NORMAL ACCOUNT ACCOUNTS – COLENSO | 651 | R 205 386 | R 992 519 | R 1 197 905 | **82.9%** |
| 12 | NORMAL ACCOUNTS – EZAKHENI | 4 069 | R 101 839 | R 4 094 012 | R 4 195 851 | **97.6%** |
| 13 | NORMAL ACCOUNTS-STEADVILLE | 1 696 | R 298 357 | R 1 454 646 | R 1 753 003 | **83%** |
| 14 | NORMAL ACCOUNTS-TOWN | 11 281 | R 6 348 762 | (R 154 869) | R 6 193 893 | - |
| 15 | SPOORNET & TRANSNET | 200 | R 23 602 | (R 645 742) | (R 622 140) | - |
| 16 | STAFF ACCOUNTS | 146 | R 89 165 | (R 14 582) | R 74 584 | - |
| 17 | SUNDRY DEBTORS | 435 | R 1 145 158 | R 5 513 894 | R 6 659 052 | **82.8%** |
| 18 | UTHUKELA ACCOUNTS | 23 | R 48 669 | (R 32 308) | R 16 362 | - |
| 19 | VACANT LAND | 2 394 | R 207 310 | R 3 568 051 | R 3 775 361 | **94.5%** |
| | **TOTAL** | **48522** | **R 17 394 939** | **R 80 112 776** | **R 97 507 715** | **82.2%** |

| CONSUMER DEBTORS PER CATEGORIES | | |
|---|---|---|
| | Actual 2009/2010 | Actual 2010/2011 |
| Residential / Domestic | R 74 142 748 | R 72 629 445 |
| Business | R 8 731 749 | R 8 553 528 |
| Government | R 8 737 858 | R 8 559 513 |
| Other | R 7 927 025 | R 7 765 229 |
| Bad Debts Written-Off | R 18 195 602 | R 2 726 644 |
| Debtors Balance Prior to Write-Off | R 117 734 982 | R 100 234 359 |

# DEPARTMENT: ECONOMIC DEVELOPMENT AND PLANNING

## 1. TOWN PLANNING AND DEVELOPMENT

### Overview

This department deals with all aspects of community development and participation. It ensures that the public is aware of the Integrated Development Plan and Budget of the Municipality. Community based projects are organised with the assistance of the ward councillors. The planning of the Town is entrusted to this department. The Chief Town Planner handles approval for the construction of dwellings and buildings.

### Description of the activity

The functions of Planning and Development within the municipality include:

1. Integrated Development Planning
2. Organisational Performance Management
3. Ward Committees/Public Participation
4. Sports Development
5. Free Basic Alternative Energy Management
6. Sectoral Plans
7. Local Economic Development
8. Community Development
9. Community Liaison
10. Town Planning
11. Geographic System Management
12. Land Use Management System

### Strategic Objectives

To stimulate Economic development and Planning and develop Institutional Development

### Key issues for 2010/2011

*Social Development*
Sports and recreation
Land Tenure/Ownership
Community Centre

*Economic development and Planning*

Local Economic Development
Agriculture
Job Creation and Poverty alleviation
SMME development
Tourism development
Spatial development framework
Environmental and Land use Management

*Spatial Development Plan*
Integrated development plan
Establish GIS Section

*Town and Regional Planning*

Special Projects:
Spatial Development Framework
Ladysmith CBD Regeneration Plan
Colenso Regeneration Plan
Environmental Management Framework
Integrated development plan
Geographic Information Systems
Rezoning Applications;
Special Consent Applications;
Subdivision Applications

**Achievements**

**N11 and R103 development corridor** – the aim of the study is to promote the sustainable development of the N11/R103 corridor as this is one of the key areas of need as identified in the IDP. The study is in line with the objectives of the department as it will guide and direct land uses in a harmonious manner and thus stimulates economic development. The strategy will be adopted by council at the end of 2011.

**Driefontein Development Strategy** – Driefontein is located north of the Ladysmith CBD consisting of Watersmeet, kirkintulloch and Burford settlements. The key objectives of the strategy are to facilitate spatial and functional integration of Driefontein into Emnambithi/ Ladysmith spatial and functional system, to promote sustainable local economic development within the area, to transform the existing settlements into sustainable human settlements in line with the housing development policies, to enhance the quality of the environment through the protection of environmentally sensitive areas and promotion of agricultural development, to address the service backlogs and improve the general quality of life.

**Colenso Regeneration Study** – The town of Colenso is currently characterized by poor public and private investment, deteriorating standards of living of its residents and poor levels of social capital. The key objective of the study is to address the declining character of the town and create a new town that is able to perform positively, establish urban design principals, improve accessibility, improve linkages to surroundings, enhance economic growth and provide economic opportunities.

**Integrated Development Plan (IDP)** – there has been a massive improvement with the municipality's IDP having to establish a position within the top ten out of a total of 61 municipalities with the best ranked IDP and achieving a score of 81% in the overall assessment.

**Implementation of the Planning and development Act (PDA)** – with the recent implementation of the PDA the period taken to assess rezoning applications has improved.

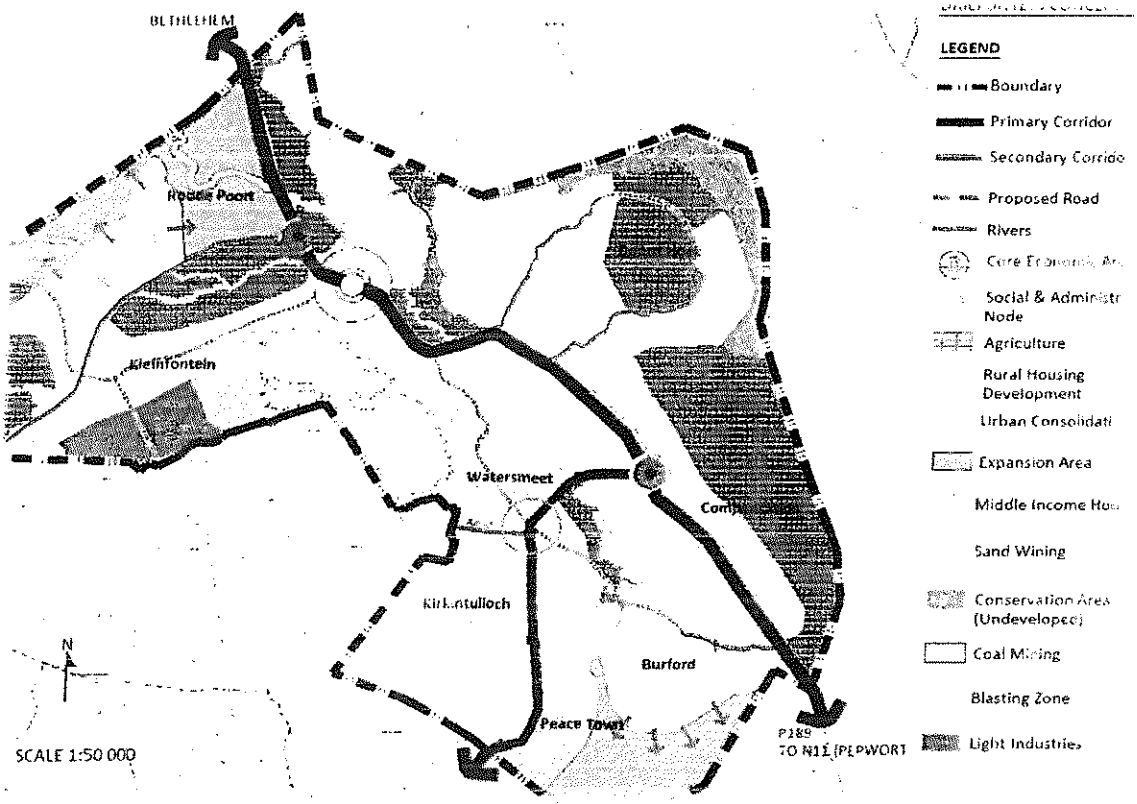
The municipality has received a total of 7 rezoning applications which have been assessed under the PDA. Three of the applications have been finalized and approved within the required timeframes if not sooner as required by legislation and the balance is currently pending.

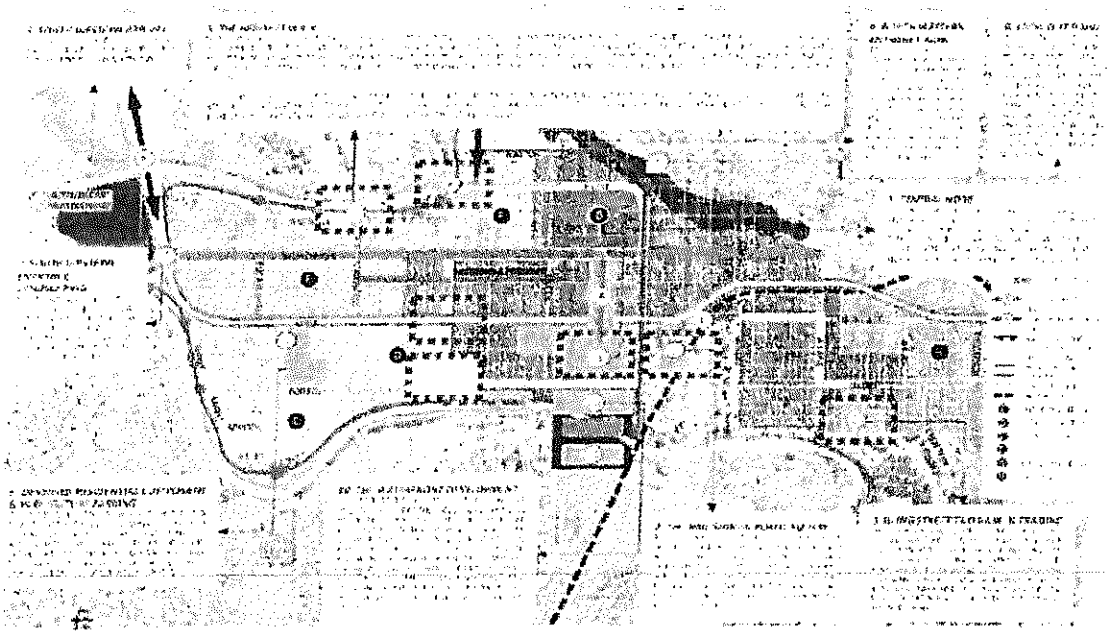
**Ladysmith and Colenso Caravan Parks** – following council's resolution to sell the two properties to investors as part of its financial strategies as stated in the IDP there was a need to close the public open spaces and rezone the properties in order to accommodate commercial activities be transfer could take place. The process began firstly with the appointment of a service provider that will undertake the rezoning. Before the property could be rezoned there was a need to close the Public Open Space (POS) which has delayed the rezoning process. The procedures undertaken to close the POS include the lengthy period of notifying the public of council's intention to close the POS, submission of an application to the Surveyor General for comments before the actual submission to the Department of Co-operative Governance and Traditional Affairs. This process has to be undertaken before the submission of the rezoning application.

**Aerodrome development** – this is a mixed-Used development consisting of an Airport, Human Settlement, a School and a private Hospital. The shortcoming of this project was the delay in transfer of the aviation license from the Municipality to the developer.

**Town Planning Projects 2010/2011**

| Project | Description | Value |
|---|---|---|
| **N11/R103 Corridor Development** | Formulation of a development corridor and analysis plan for the N11/R103 corridor. | R197 361.36 |
| **CDB Design Guidelines** | Establish urban design principles for the CBD | R199 500 |
| **CBD Plan** | Ladysmith CBD regeneration plan with urban design framework for Lyell and Forbes street | R500 000 |
| **Feasibility Study on Social Housing** | Conduction of a study for the establishment of social housing within the municipality. | R125 000 |
| **Colenso Regeneration Strategy** | Development of a plan to revive the economic status of the town of Colenso | R300 000 |
| **Aerodrome Development** | Mixed-Used development consisting of an Airport, Human Settlement, a School and a private Hospital. | R55 Million |
| **Driefontein Local Area Plan** | Develop a local area plan for the Driefontein Complex | R200 000 |
| **Ezakheni plaza** | Establishment of a shopping complex. | R20 Million |


BETHLEHEM
Roode Poort
Kleinfontein
Watersmeet
Kirkintulloch
Burford
Peace Town
N
SCALE 1:50 000
LEGEND
Boundary
Primary Corridor
Secondary Corrido
Proposed Road
Rivers
Social & Administr
Node
Agriculture
Rural Housing
Development
Urban Consolidati
Expansion Area
Middle Income Hou
Sand Wining
Conservation Area
(Undeveloped)
Coal Mining
Blasting Zone
Light Industries



2.

## WASTE MANAGEMENT – SOLID WASTE

### Overview

Solid waste is a local municipal function. The landfill site is licensed under a permit from the Dept. of Water Affairs & Forestry. Refuse removal services are provided in all urban areas, informal settlement as well in rural areas of Emnambithi/Ladysmith viz. Ladysmith, Ezakheni, Steadville, Colenso & Van Reenen.

### Description of the Activity:

Refuse is cleared from the residential areas on a weekly basis whereby the households take out their refuse (in bags only) on refuse removal days.

A bi-weekly refuse removal service is provided for all businesses on a daily service to certain categories of businesses e.g. food shops, hotels, factories.

20 Bulk (1,75) and 15 (30 cubic meters) refuse containers were manufactured during the financial year.
To improve our performance and reduce number of complaints, Council took over the function of collecting refuse at Ezakheni Township as it was previously outsourced to (five) private contractors since 1996.

### Strategic Objectives of this function:

The strategic objective of the refuse removal function is to provide an efficient, effective and economic service.
The key issue for 2010/2011 was the extension of refuse collection in areas that had never been serviced before especially in rural and informal areas. The second priority was to make sure that both Ezakheni and Steadville Townships are kept clean 24 hours a day and seven days a week.

### Number of households receiving regular refuses removal services and the frequency and costs of the service:

| Details | Number | Cost |
|---|---|---|
| Removed by Municipality at least once a week | 35 500 | 11 930 602 |
| Communal refuse dump used | None | None |
| Own refuse dump | 1 | Handed over to Engineering Department |
| No rubbish disposal | 23 789 | 1 471 598 |

### Total Number, capacity and life expectancy of refuse disposal sites:

There is only one formal landfill site with a life expectancy of ± 4 years.

**Free basic Service Provision**

| | |
|---|---|
| Quantity (number of household affected) | 15000 |
| Quantum (value to each household) | 5 233 520 |

| Key performance area | Key Performance indicator | Current | Target |
|---|---|---|---|
| **To ensure that all households have access to a basic refuse removal service** | No. of households receiving weekly refuse removal service | 35 000 | 35 000 |

## 3. COMMUNITY PARKS AND GARDENING SERVICES

### Overview

Located in the Department of Economic Development, this function consists of provision and maintenance of high quality service delivery to the global community of Emnambithi/Ladysmith in the areas of Sports facilities, Local amenities and Public spaces.

### Description of the Activity

The following services are provided:

### Pound

83 stray animals are collected and impounded; more emphasis has been put to ensure the safety of animals against theft by re-enforcing the fencing around the premises of the Mathews Farm where the pound is now located.

All the legislative requirements have now been met which will enable the department to have regular auctions to defray costs incurred by the Municipality for keeping unclaimed animals for long periods .

### Cemeteries

In addition to our grave allocation and maintenance programme in the existing 5 cemeteries i.e. Ezakheni C1, C3, Mbulwane, Colenso and Town cemetery, the following progress has been achieved in terms of the establishment of new cemeteries

1. **Ndomba Cemetery**

The cemetery is fully fenced with concrete palisade and access roads inside the premises are being constructed.

The construction of an ablution facility, comprising of a urinary system with 6 toilet seats (3 for males and 3 for females) and a store room, is 80% towards completion. Water connection from uThukela Water and electricity supply from Eskom are still in progress.

The Ndomba cemetery is now fully operational as a total number of graves being maintained is already +- 150. The guard house has also been built near the main gate.

### 2. Bluebank Cemetery

The cemetery is fully fenced with concrete palisade and the foundations for the ablution facility and the guard house have been dug.

### 3. Ezakheni Cemetery

The Geo -tests have been conducted and the land identified has been found to be suitable for burial purposes. The Department: Economic Development is currently in the process of acquiring the land from Ingonyama Trust. The quotations for the EIA have been processed.

### 4.Swimming Pools

By close of the 2010/2011 swimming season more than 38 000 visitors had made use of the three swimming pools, White road, Limit Hill and Agra pools.

Weed killing and Tree felling The Department : Economic Development in compliance with Regulation 15 and 16 of the Conservation of Agricultural Resources Act (CARA) 1983, has embarked on the programme of controlling undesirable and alien plants, within the whole area of the Municipal Jurisdiction. Blue-gum and Syringa trees are classified as undesirable alien plants in category 1

The programme takes into consideration minimizing the damage that might be caused by our control action. As part of the programme, provision has been made to replace the undesirable trees through an aggressive but environmentally friendly environment .

Complaints from the community are also attended to in cutting hazardous trees bordering their domestic or business premises.

### 5.Sports fields

Grass is cut and prepared for sporting activities in all of our facilities on a weekend basis . 65 rural sports grounds from the 27 Municipal wards are maintained on a regular basis, poles and stands are manufactured and installed , the Department has a long term plan to establish one stadium per rural ward . One such modern stadium

with ablution facilities and turf has been established in ward 18 (Driefontein ) whilst a caretakership has been acquired for the Mabhumane sports field in ward 7 (St hads )

### 6.Caravan Park

85 camping facilities provided are maintained to be ready for booking and use at all times. Private companies operating in the area, tourists and individuals make use of the park on a daily and long periods basis.

### 7.Plant Decorations

Two main nurseries exists. The cemetery road nursery propagates an average of plants to supply the main nursery and general public with flowers and plants for greening purposes as well as decorations.

An average request for the ceremonial plant decorations of 20 per month are received and acceded to. These requests come mainly from the general public as well as community organization.

### Nature and extent of facilities provided

| Details | No. of facilities | No of users |
|---|---|---|
| Cemeteries and crematoriums | 11 | +- 2000 users |
| Sporting facilities | 8 | +- 500 users |
| Parks | 36 parks<br>2 Recreational parks | +- 14 400<br>+- 80 600 |
| Swimming pools | 3 | 38 608 users |

# GOVERNANCE AND TRANSFORMATION

## SECTION: ADMINISTRATION

The Department is made up of the following elements and sections:

- Administration
- Legal Services
- Housing, Land and Real Estate
- Valuation
- Community Services (Library Services, Museum Services and Community Venues)

## SECTION: LEGAL SECTION

### 1. EZAKHENI

| LEGAL ACTION | NO. OF A/C | TOTAL AMOUNT |
|---|---|---|
| No. of accounts handed over | 19764 | 62 159 986.09 |
| Final Demands Sent | 1815 | 6 968 728.75 |
| Summons issued | 517 | 1 135 088.28 |
| Default Judgments | 438 | 1 199 326.73 |
| Warrant of Execution | 354 | 860 331.66 |
| Sale in Execution | 87 | 433 116.04 |
| No. of accounts settled | 0 | |
| **Total Amount collected** | | **2 232 787.55** |

### 1. TOWN/COLENSO/STEADVILLE

| LEGAL ACTION | NO. OF A/C | TOTAL AMOUNT |
|---|---|---|
| No. of accounts handed over | 11 139 | 49 522 018.78 |
| Final Demands Sent | 768 | 10 950 229.00 |
| Summons issued | 349 | 2 018 075.85 |
| Default Judgments | 52 | 552 599.45 |
| Warrant of Execution | 181 | 1 267 892.85 |
| Sale in Execution | 35 | 231 860.85 |
| No. of accounts settled | 0 | |
| **Total Amount collected** | | **1 936 211.69** |

### 2. VACANT LAND

| A. LEGAL ACTION | NO. OF A/C | TOTAL AMOUNT |
|---|---|---|
| No. of accounts handed over | 2187 | 17 310 439.02 |
| Final Demands Sent | 0 | |
| Summons issued | 0 | |
| Default Judgments | 0 | |
| Warrant of Execution | 82 | 10 104.61 |
| Sale in Execution | 67 | 61 000.00 |
| No. of accounts settled | 0 | |
| **Total Amount collected** | | **R 181 676.70** |

## SECTION: VALUATIONS

Values of the respective categories of properties are as follows:

| | |
|---|---|
| Residential 1 | R4, 346,518,000 |
| Residential 2 | R17,804,000 |
| Industrial/Commercial/Business/Mining | R1,131,972,000 |
| Agricultural | R 498.896,000 |
| Public service infrastructure | R39.747,960 |
| Vacant land | R167,767,845 |
| Rural residential | R1,243,624,000 |
| Game hunting/Eco-tourism | R119,755,000 |
| Municipal domestic | R3,6605,000 |
| State domestic | R457,889,000 |
| Land reform beneficiaries | R26,285,000 |
| Public benefit organizations | R70,707,000 |
| Industrial estate | R133,310,000 |
| Ingonyama Trust | R11,270,000 |
| Municipal vacant land | R104,096,000 |
| Public open space | R801,000 |
| **Total** | **R85,212,456,805** |

## SECTION: REAL ESTATE & HOUSING

### A. PREAMBLE:

The Land and Housing Section is governed by the Executive Manager Mr RG Reddy. The primary function of this department is to ensure that the community has access to land and housing.

### B. ADMINISTRATIVE REPORT

#### 1. Land Disposal Policy

Section 14 of the MFMA required that a Land Disposal Policy be adopted by Council. This section was able to draft a policy which was approved by Council.

#### 2. Housing Allocation Policy

The Section drafted a policy in terms of current legislation which was approved by Support Services Portfolio committee and Exco

#### 3. Emergency Housing Policy

The section finalized a draft of Emergency Housing Policy, which was approved by the Support Services Portfolio Committee, Exco and Council.

#### 4. Municipal Housing Sector Plan

The Department of Housing made available R100 000.00 for the development of a Municipal Housing Sector Plan. Messrs Footprints Professionals were appointed as the service provider. The first draft plan has since been submitted to council for comments thereafter the final report will be submitted to council for approval.

## 5. Consumer Education

The section in response to the Provincial Department of Housing Capacity Building Programme conducted Housing Consumer Education Programmes as follows:

1. Ezakheni C
2. Ezakheni E
3. Colenso
4. Steadville
5. Pieters
6. St. Chads
7. Umbulwane

## 6. Social Housing

The section conducted a workshop on Social Housing for all Councillors and is currently drafting a policy in terms of the requirements of SALGA who is assisting the Department of Housing in this project.

## 7. Affordable Housing

In terms of creative Housing Development, the section has engaged with the National Department of Housing and is embarking on making land available for affordable housing, whereby the 4 major Banking Institutions would be able to undertake housing for the income earners of R 3501.00- R 7 500.00 per month, in terms of the Credit Linked Subsidy mechanism.

## 8. Housing Development

**Brief summary of Housing, Water, Sanitation and Tenure provided in this period**

| Detail | Number |
|---|---|
| B&c tin houses | 0 |
| Ezakheni c 624 | 0 |
| St.chads urban | 102 |
| St. Chads rural | 0 |
| Steadville area e | 0 |
| Umbulwane pi&ii | 0 |
| Steadville area h | 0 |
| Slum clearance | 75 (Ezakheni E) 67 (Colenso Gumtree) |
| Rectification | 98 |

## SECTION: COMMUNITY SERVICES

**Analysis of the Function:**
**Nature and extent of facilities provided:**

| Details | No. of facilities | No of users | No of Members | Total |
|---|---|---|---|---|
| Library services | 05 | 1500 | 14 201 | 15 701 |
| Museums | 01 | | | |

# ENGINEERING DEPARTMENT

## ROADS AND STORM WATER DRAINAGE

### Overview

The planning, construction and maintenance of roads and storm water within the municipality's jurisdiction.

### Description of the Activity

| |
|---|
| The road maintenance and construction responsibilities of the municipality are administered as follows and include: |
| **Construction of New Roads** |
| • Planning and prioritising of new roads as identified in the IDP. |
| • Preparing Business-Plans for external funding if funding not available from Council. |
| • Calling for fee proposals from Consultants and appointing of Consultants to Design and Implement/Supervise the construction of new roads. If roads cannot be constructed utilizing in-house staff. |
| • Utilizing in-house staff to construct gravel/paved roads rural and urban. |
| **Maintenance of Roads (Urban and Rural)** |
| 8. Urban road maintenance is carried out by in-house staff members that has been trained in the repairs of potholes, base failures and resurfacing, slurry sealing, re-gravelling, grading of roads, etc. |
| 9. Rural road maintenance is also carried out by specialist in-house staff. |

### Total Number, kilometres and total value of road projects planned and current

| Details | KMs | Cost |
|---|---|---|
| New bituminised | 8 | R 19,286,731.72 |
| Existing re-tarred | - | - |
| New Gravel | 53.19 | R 7,950,000.00 |
| Existing re –sheeted (Slurry sealing (Colenso) | 4 | R 141,360.00 |
| Overlaying | | R 1,700,000.00 |

### Total kilometres and maintenance costs associated with existing roads provided:

| Details | KMs | Cost |
|---|---|---|
| Tar | 207.28 | R900,000/km |
| Gravel | 53.19 | R400,000/km |

### Average frequency and cost of re-tarring, re-sheeting roads

| Details | KMs | Cost |
|---|---|---|
| Tar | 4.55 | R 6,442,482.00 |
| Gravel | - | - |

### Estimated backlog in number of roads, showing kilometres and capital costs

| Details | KMs | Cost |
|---|---|---|

| | | |
|---|---|---|
| Tar | 292 | R2,410,841.30 per km |
| Gravel | 447 | R370,000.00 per km |

## PROJECTS UNDERTAKEN BY THE DEPARTMENT DURING THE PERIOD UNDER REVIEW

| NO. | DEMAND / PROJECT | PROGRESS ACHIEVED |
|---|---|---|
| 1 | To construct Lister Clarence Building. | 0 |
| 2 | Construction of Testing Facility / Building Public Safety. | R3.3 million |
| 3 | Watersmeet Community Hall. | R1 million |
| 4 | Mcitsheni Community Hall. | R1 million |
| 5 | Ezakheni Sports Complex: Sports Hall, Two Swimming Pools. | 0 |
| 6 | Tarring of Township Roads. | R24 million |
| 7 | Tarring of Roads in CBD. | R8.9 million |
| 8 | Trading Stall Queen Street and Forbes Street Taxi Rank. | R2 million |
| 9 | Ezakheni Sidewalks. | R4.6 million |
| 10 | Ezakheni Street Lighting. | R2.5 million |
| 11 | Ezakheni Taxi Rank. | R 1 727 321.00 |

# ELECTRICITY

## Analysis of the function

**Number and cost to the employer of all personnel associated with Electricity Distribution:**

| | |
|---|---|
| Professional (Managerial/Specialist) | 1 |
| Office (Clerical/Administrative) | 6 |
| Field (Supervisors/Foremen) | 7 |
| Non-professional (outside workforce) | 67 |
| Temporary staff | 53 |
| **TOTAL** | **134** |

**Total quantity and receipts for Bulk electricity sales in kilowatt-hours and rand, by category of consumer**

| | | |
|---|---|---|
| Residential – Credit Conventional Meter | 52066221 kWh | R38 486 784 |
| Prepaid - Domestic | 30921674 kWh | R23 445 208 |
| Prepaid Commercial | 28134117 kWh | R23 660 456 |
| Commercial | | |
| Industrial (LT & HT Bulk) | 129217729 kWh | R71 830 052 |
| Other(Streetlights) | 4625380 kWh | |
| **Total** | **244965121 kWh** | **R157 422 500** |

**Total year – to –date electricity losses in kilowatt-hours and rand**

| | | |
|---|---|---|
| Losses | 9285842kWh | R4 085 771 |

**Number of Households with electricity access, type & cost of service:**

**Electrified Areas**

| Details | Cost |
|---|---|
| AreaJ | R 262 200 |
| Community Gardens | R 92000 |

**Anticipated expansion of electricity service**

| Details | Total | Cost |
|---|---|---|
| Steadville E | 134 | R968 800 |
| Thembalihle | 42 | R302 400 |
| Colenso/Inkanyezi | 309 | R336 966 |
| Shaymoya Phase iii | 400 | R3 200 000 |

**Free Basic Service Provision**

| Details | Quantity | Value |
|---|---|---|
| All households that uses 150kWh's or less over a period of six months qualify for FBE, automatically. | 50 kWh / per indigent household | R3 038 718 |

**Type and Number of grants and subsidies received**

| Details | Value |
|---|---|
| DoE – (Department of Energy) | R6.06 million |
| DoE grant for Energy Efficiency streetlights | R4 million |

| | |
|---|---|
| **13. Total operating cost of electricity distribution function** | R164 436 798 |

## PUBLIC SAFETY

OVERVIEW:

**Protection Services and Licensing is responsible for the following functions:**

Road Safety
Crime prevention and Security
Fire Protection
Disaster Management
Issuing of drivers licences and vehicles registration.

**Description of the Activity**

The department provide the following services:

1. **ROAD SAFETY**

Law Enforcement

Technical Section

The technical staff is responsible for the maintenance of traffic signs, road markings and traffic signals.

Administration

The duties of Clerk of the Court are performed by the department and include; receiving all admissions of guilt, compilation of the court roll and reconciliation of all notices issued to traffic offenders.

Signage Erected

| 2010 | 2011 |
|---|---|
| 263 | 333 |

Road Marking

| 2010 | 2011 |
|---|---|
| 279 Km | 153 |

Speed Control: 01 July 2010 TO 30 June 2011

| Speed Km/h | 45 Km/h | 60 Km/h | 80 Km/h | 100 Km/h | 120 Km/h | TOTAL | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | JUNE 2009 | JUNE 2010 | JUNE 2011 |
| 60 – 69 | 09 | | | | | | | 09 |
| 70 – 79 | 04 | 1 988 | | | | 1631 | 1155 | 1992 |
| 80 – 89 | 01 | 1 073 | | | | 746 | 693 | 1074 |
| 90 – 99 | | 313 | 165 | | | 424 | 316 | 478 |
| 100 – 109 | | 78 | 118 | | | 160 | 148 | 196 |
| 110 – 119 | | 11 | 38 | 10 | | 30 | 60 | 60 |
| 120 – 129 | | | 09 | 09 | | 21 | 13 | 18 |
| 130 – 139 | | | 01 | 03 | | | 06 | 04 |
| 140 – 149 | | 01 | | | | | | 01 |
| 150 – 159 | | | | | | | 01 | |
| TOTAL | 14 | 3 464 | 331 | 22 | | 3012 | 2392 | 3832 |

Highest Speed Zone

| | June 2010 | June 2011 |
|---|---|---|
| Highest speed in 45 km/h zone | NIL | 81 km/h |
| Highest speed in 60 km/h zone | 112 km/h | 143 km/h |
| Highest speed in 80 km/h zone | 151 km/h | 133km/h |
| Highest speed in 100 km/h | NIL | 133km/h |

Collision Statistics
Ladysmith

| | June 2010 | Estimated Cost | June 2011 | Estimated Cost |
|---|---|---|---|---|
| Number of collisions | 1199 | | 1162 | |
| Fatal | 2 | 782 254 | 6 | 2 346 762 |
| Serious | 4 | 424 600 | 0 | |
| GMinor | 16 | 556 704 | 3 | 104 382 |
| Damage only | 1177 | 12 387 925 | 1153 | 12 135 325 |
| Pedestrians | 18 | | 46 | |
| Pedal cyclists | 1 | | 4 | |
| Motorcycles | 1 | | 1 | |
| Two or more vehicles | 727 | | 845 | |
| Single motor vehicle | 450 | | 253 | |
| Other | 2 | | 18 | |

Steadville

| | June 2010 | Estimated Cost | June 2011 | Estimated Cost |
|---|---|---|---|---|
| Number of collisions | 62 | | 59 | |
| Fatal | 0 | | 1 | 391 127 |
| Serious | 0 | | 2 | 213 300 |
| GMinor | 2 | 69 500 | 1 | 34 794 |
| Damage only | 60 | 631 500 | 55 | 578 875 |
| Pedestrians | 2 | | 6 | |
| Pedal cyclists | 0 | | 0 | |
| Motorcycles | 1 | | 0 | |
| Two or more vehicles | 29 | | 32 | |
| Single motor vehicle | 29 | | 19 | |
| Other | 1 | | 2 | |

Ezakheni

| | June 2010 | Estimated Cost | June 2011 | Estimated Cost |
|---|---|---|---|---|
| Number of collisions | 192 | | | |
| Fatal | 5 | 1 955 635 | 2 | 782 254 |
| Serious | 7 | 743 050 | 2 | 212 300 |
| GMinor | 5 | 53 560 | 0 | |
| Damage only | 175 | | 220 | 2 315 500 |
| Pedestrians | 10 | | 10 | |
| Pedal cyclists | 0 | | 2 | |
| Motorcycles | 0 | | 0 | |
| Two or more vehicles | 70 | | 95 | |
| Single motor vehicle | 107 | | 1105 | |
| Other | 5 | | 5 | |

## 2. FIRE PROTECTION

This function includes fire inspections at all industries, shops and warehouses and the combating of fires and rescue services.

## 3. DISASTER MANAGEMENT

The compilation of a disaster management plan and the execution thereof to mitigate the effects of a disaster. This section also deals with the Qedusizi Dam and internal security.

## 4. LICENSING

This function consists of testing of candidates for learners and drivers Licenses to determine their proficiency, the issuance of the same and also the registration and licensing of motor vehicles.

# ANNUAL PERFORMANCE REPORT 2010-2011

# ANNEXURE A

# EMNAMBITHI/LADYSMITH

# MUNICIPALITY

## 30th JUNE 2011

## ANNUAL PERFORMANCE REPORT

## TABLE OF CONTENTS

**INTRODUCTION**.....

**EXECUTIVE SUMMARY**.....

**PERFORMANCE HIGHLIGHTS REPORT** .....

**Annexure A:**

**PERFORMANCE AGAINST INDICATORS AND TARGETS SET**

Office of the Municipal Manager
Department: Finance
Department: Public Safety
Department: Corporate Services
Department: Economic Development
Department: Governance and Transformation
Department: Engineering
Department: Electricity

## 1. INTRODUCTION

The Annual Performance Report of the Emnambithi-Ladysmith Municipality is tabled in terms of section 121 of the Municipal Finance Management act, 55 of 2003 and section 46 of the Municipal Systems Act, 2000 as amended.

*The purpose of an Annual Performance Report is to provide a record of the activities of the municipality, report on performance against the budget and promote accountability to the local community for the decisions made throughout the year.*

Key legislative elements of the Annual Performance Report include as requested by the Auditor-general:

- The annual performance report of the municipality (S 46 MSyA) and Auditor-General's audit report on performance (S 45 (b) M SyA)
- An assessment by the Accounting Officer of the performance against the measurable performance objectives (S 17 (3) (b) MFMA)
- Details of corrective action taken or to be taken in response to issues raised in the audit reports

Section 46 of the Municipal Systems Act stipulates that -

"A municipality must prepare for each financial year a performance report reflecting –

- The performance of the municipality and of each external service provider during that financial year:
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year: and
- Measures taken to improve performance
- An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Financial Management Act."

## 2. BACKGROUND

The Municipal Performance Report mainly reflect on the performance of each department against set Key Objectives, Key Performance Areas and Annual Targets. The Municipal Performance Management Systems of the Municipality mainly consist of different tools for assessment and reporting.

The assessment and reporting of evaluation is based on the following areas:

- Municipal Performance Management Policy Framework which was adopted by council in 2010-2011.
- The Service Delivery Budget Implementation Plan (SDBIP), which provides quarterly reports and are submitted to Exco
- Mid-year Performance report, informed by the evaluation of the section 57 employees and the head of departments
- Performance Report is developed to give credence against set performance targets and measures to improve performance
- Lastly, the annual report is developed as means to provide a holistic picture on the administrative, Human Resource and Financial position of the municipality.

## 3. ANNUAL PERFORMANCE PROCESS PLAN

The report further gives palpable progress about each department's performance for the period under review. The performance evaluation of each department is informed by the Departmental Score Card. The performance evaluation committee had conducted a performance of all heads of departments.

The Performance Management System Policy Framework makes provision for the auditing of performance by the Performance Audit Committee. The Performance Audit committee with the assistance of internal audit unit have undertaken a number of projects whereby departments have to provide evidence and give explanation for performance below par.

## 2010/2011 ANNUAL PERFORMANCE SCORE CARD

OFFICE OF THE MUNICIPAL MANAGER

# ANNUAL CONSOLIDATED MUNICIPAL PERFORMANCE REPORT

| IDP Indicator No. | Strategic Focus Area | KEY PERFORMANCE OBJECTIVES | KEY PERFORMANC EINDICATORS | Annual | | | | | FINANCIAL YEAR ENDED: 30 JUNE 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/ Project | Baseline/Project | Backlogs | Annual Target | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
| | Strategic Implementation of the Municipal Performance Management Systems | Annual Performance Report, Annual Report, SDBIP and Performance Agreements for consideration by council | Date of Performance Agreements signed and approved | Draw-up, submit and publish reports | Completed | Completed | 31-Jul | 100% | None | None | None | Annual Report/Oversight Report | All reports completed on time |
| | | PMS Policy Framework approved by council | Date of PMS Framework Adopted by council | PMS Policy Framework | Completed | Completed | 31-Jul | 100% | None | None | None | PMS Policy Framework | Council approved |
| | | All section 57 Managers and Managers directly accountable to the MM sign Performance Agreements | Date of Agreements Approved by Council | Performance Agreements | Completed | Completed | 31-Jul | 100% | None | None | None | None | Performance Agreements signed |
| | Service Delivery Budget Implementation Plan | Compilation of the Quarterly Service Delivery Budget Improvements Plan (SDBIP) | Date of Formulation of SDBIP document | SDBIP | Completed | Completed | 30-Jun | 100% | None | None | None | SDBIP Reports | Internal Audit has identify gaps in the setting of some KPI which has been addressed |
| | Performance Evaluation and Audit Reports | Performance Evaluation of Senior Managers, directly accountable to the MM | Number of times to conduct Perfomance Annual Evaluation | PMS Evaluation | Completed | Completed | Biannually | 100% | None | None | None | None | Evaluation outstanding subject to the approval of the annual report |
| | | Performance Evaluation of Middle Managers (01-06) | % Performance Evaluation of middle managers | PMS Evaluation | 20% | 80% Complete | 80% | 60% | Skilled Staff to assist departments to conduct evaluation | To train recently appointed staff | None | Evaluation Reports | Need to expand capacity of current staff |
| | | Performance Audit and Reporting submitted to council twice a year | Number of PMS Audit Report | PMS Audit | Completed | Completed | Twice a Year | 01 Report done | Training of Audit Committee members | None | Approval to attend training organized by private service providers | None | The 2nd Report is due along the Annual Report |
| | Batho Pele Principle | Training & Implementation of Front-line Staff on Batho Pele Principles | Number of times workshop conducted | Batho Pele Principles | None | Done | Twice a Year | 100% | Workshop still outstanding | None | None | Report to Management | Workshop to be conducted on the last quarter |
| | | Conduct Staff satisfaction survey | % Staff Satisfaction Survey : | Staff Satisfaction Survey | 100% | Not done | Once a Year | 100% | To be done in the last quarter | None | None | Report to Management | Survey done in the last quarter |
| | | Conduct Community Satisfaction Survey | % of Community Survey conducted | Community Satisfaction Survey | 80% Complete | 80% | 100% conducting of community survey once a year | 100% | Availability of relevant person in the households | Resources to conduct in the evening and weekends | None | Survey report to Exco | Phase 02 survey report to be done in 2011-2012 |
| | Risk Management Systems | Develop and implement Risk Management Systems | % Plan Approved by council | Annually Review Municipal Risk Management Policy | Completed | Completed | Risk Frame Work Approved | 100% | None | None | None | Risk Policy Framework | To review the policy prior the commencement of the next financial year. |
| | | | | Annually Review Risk Management Frame-Work and Plan | Completed | Completed | Risk Plan Approved | 100% | None | None | None | Risk Policy Framework | To review the policy prior the commencement of the next financial year. |
| | | | Number of Reports submitted to Audit Com | Conduct on-going Risk Assessment of Departments | Done | Done | Risk Quarterly Reports | 100% | None | None | Noe | Audit Committee Minutes | Report is submittted on a monthly basis |
| | Help Desk to the Public | Provide assistance to agrieved clients | Number of Monthly Reports to MCM and Exco | To submit reports to MPMS and MM on projects progress and Batho Pele Principles | None | On-going | Monthly Variance Report submitted to Exco | 40% | Co-operations from departments | None | None | None | Information has not been forth coming from departments |
| | Community Participation | Consult community in terms of section 42 of the MSA, in the development of KPI | Number of meetings to Consult ward committee | Public participation | None | Done | Biannually | 100% | None | None | None | Minutes of meeting | None |
| | | Involve the Community in the submission of comments for the Annual Report and Oversight Committee | Number of adverts on public participation | | None | Done | Once a Year | 100% | None | None | None | Adverts | None |
| | | Co-ordinate the Annual Moyoral Employee Performance Awards | The number of events | Performance Awards | None | Done | Once a Year | 100% | None | None | None | Report to Management | None |
| | Automated Performance Systems | Procure an Automated Performance Management System | % of roll-out of automated systems | PMS System | 100% | Outstanding | 100% | 20% | Funding | To advertise in the national papers | None | Report to Management | To engage DBSA for additional funding |
| | Kwanolga Games | Co-ordinate Kwanaloga Games | Number of games | Logistics and team selections | None | Done | 01 event | 100% | None | None | None | Report to Sport Portfolio Committee | Event done |
| | | Build a capacoty program for the unemployed youth | Number of unemployed database | Unemployed Youth Skills Development | None | Done | 10 youth | 100% | Funding | Adequate budgeting | Involvement of sector department | Management report | Need adequate budgeting |
| | | Develop and implement a Program for Gender Development | Number of programs developed | Program focusing on Women | None | Done | Program developed and approved by Portfolio Committee | 100% | Adequate funding | None | None | Report to Sport Portfolio Committee | Need adequate budgeting |

| No. | Strategic Focus Area | KEY PERFORMANCE OBJECTIVES | KEY PERFORMANC EINDICATORS | Annual | | | | | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/ Project | Baseline/Project | Backlogs | Annual Target | Progress Achieved | | | | | |
| | Women, Children and Youth Services | Develop of a Program for persons with disability | Number of programs developed | Program focusing on persons with disability | None | Done | Program developed and approved by Portfolio Committee | 100% | Adequate funding | None | None | Report to Sport Portfolio Committee | Need adequate budgeting |
| | | Develop and implement a program aimed at assisting matriculants and learners still at school | Number of programs developed | Provide barsury and awards for top matric learners | None | Done | Program developed | 100% | Adequate funding | None | None | Report to Sport Portfolio Committee | Need adequate budgeting |
| | | Program aimed at assisting valnurable children | Number of programs developed | Programs focusing on children | None | Done | Program developed | 100% | Adequate funding | None | None | Report to Sport Portfolio Committee | Need adequate budgeting |
| | | Develop and implement a program aimed at assisting senior citizen in our Municipality | Number of programs developed | Program focusing on sinior citizen | None | Done | Program developed | 100% | Adequate funding | None | None | Report to Sport Portfolio Committee | Need adequate budgeting |
| | | Develop and implement a program for the commemoration of the Youth Months | Number of programs developed | Program linked to National Commemoration of June 16 | None | Done | Program developed | 100% | Adequate funding | None | None | Report to Sport Portfolio Committee | Need adequate budgeting |
| | Prayer Meetings | Co-ordinate Prayer meetings for peace and against crime | Number of programs developed | Co-ordinate inter-denomination prayer across the Municipality | None | Done | Program developed | 100% | Adequate funding | None | None | Report to Sport Portfolio Committee | Need adequate budgeting |

| IDP Indicator No. | Strategic Focus Area | Strategic Objectives | KPI | Annual | | | | | FINANCIAL YEAR ENDED: 30 JUNE 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/ Project | Baseline/Project | Backlogs | Annual Target | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of information | Comments |
| | Supply Chain Management Unit | To action requisition of goods and services actioned for procurement within 14 days | % of goods & services processed | Procurement of Goods & Services | 95% | None | 100% | 90% | Delays in getting line items with available budget | Communicate with Departments. | Co-operation by all departments | MCM Reports and Requisition Record | Ongoing process on receipt of demand from departments. |
| | | To incorporate the SCM Vendor database into the Frontier System. (SAMRAS). | % of vendor registration | Vendor Registration Database | 100% | None | 100% | 85% | Not all vendors are responding to ELM's request. | Asking all suppliers to submit their profile | All suppliers should be encouraged to register on the SCM database. | Database | Existing and prospective suppliers submit their profiles and registration forms to the database on an ongoing basis |
| | | To facilitate an effective procument of goods and services throught competitive processes within 60 days after the tender has been advertised | % of finalising of tenders | Procurement of Goods & Services | 90% | None | 90% | 90% | BEC has shortage of chairs | Recommended appointment of an additional chair to MM. | Extra BEC Chair appointments commitment by all Bid Adjudication Committee Members | Reports to Council and National Treasury - Quarterly | Reports to Council and National Treasury |
| | MFMA Compliance | To submits National Treasury reports within 10 working days of the month | Number of reports | Submission of Reports | 12 | None | 12 | 12 | None | None | None | EXCO Agenda | Reports were submitted |
| | Budget Process | To ensure that monthly reports are submitted within 10 working days of the month to the Mayor | Number of reports | Submission of Reports | 12 | None | 12 | 12 | None | None | None | PAPC & EXCO Minutes | Reports were submitted |
| | | To formulate and ensure the adoption of the 2011-2012 Budget | Adoption of budget by Council | Budget Adoption | Completion of budgetary processes | None | Approval of budget by 31 March 2011 | Approval of Budget by 31 March 2011 | None | None | None | Council Minutes | To be approved by the end of March 2011 |
| | Revenue Management | To ensure Municipality's Financial viability and recover outstanding debt | % of reduction and recovery of outstanding debt | Credit control and debt collection programme | 76% | 7% | 90% | 93% | Non Payment of Municipal accounts | Disconnection, Hand Over, Blocking of Accounts | Co-operation by Finance, Legal and the Department of Infrastructure and Services | Weekly Credit Control Reports | Weekly reports submitted |
| | | To provide monthly, accurate and timeous Billing | % of reduction of billing errors | Billing Errors | 100% | None | 100% | 100% | Delays in month end -- IT | IT is responsive to challenges | IT and Department of Infrastructure and Services | Monthly Statement of Accounts | Monthly accounts sent to Rate Payers |
| | Customer Care | To provide daily customer service satisfaction | % of customer service satisfaction | Customer Care satisfaction programme | 87% | None | 90% | 90% | Sourcing info from other departments | Improve relations with other departments | Improve relations by all departments | Register in place | Accountant monitors and controls registers |
| | Financial Viability | To report Cash Flow to Management on a monthly basis | Number of reports | Income and Expenditure Management | 12 | None | 12 | 12 | None | None | None | PAPC & EXCO Minutes | Target achieved |
| | | To ensure payment of salaries on time and monthly basis | % of payments | Expenditure Management | 100% | None | 100% | 100% | Late Receipt of appointment letters | HR to ensure appointment letters are sent to Pay office on time. | Time management by all involved | PAPC & EXCO Minutes | Target achieved |
| | | To ensure payment of creditors within 30 days | % of creditors paid | Expenditure Management | 100% | 15% | 100% | 85% | Delays in approving invoices by other departments and goods not delivered but an invoice forwarded to Finance by suppliers for processing. | Fast track certifying invoices and inform suppliers to stop sending invoices when goods not delivered yet or services not rendered yet. | Departments to fast track certifying invoices and suppliers to refrain from sending invoices for goods not delivered yet. | PAPC & EXCO Minutes | Fast track certifying invoices by all departments and informing suppliers to stop sending invoices when goods not delivered yet or services not rendered yet. |
| | | To submits Cash Management and Investment reports on monthly basis | Number of reports | Expenditure Management | 12 | None | 12 | 12 | None | None | None | PAPC & EXCO Minutes | Target achieved |
| | Financial Viability | To provide an efficient, sound, economically viable and sustainable financial support service | Number of annual Financial Statements to be submitted by 31 August to the Auditor-General | Annual Financial Statements | Annual submission by 31st | None | Wednesday, August 31, 2011 | 100% | None | None | None | Annual Report | Unqualified Audit opinion |
| | | | % of cost processing | Annual Financial Statements | 100% | None | 100% | 100% | Staff Shortage | Post advertised and interviews done | HR to facilitate | Financial System | Accountant: Assets and 3 X Assets Clerks appointed in June 2011. |
| | | | Number of reports on correct data | Annual Financial Statements | 12 | None | 12 | 12 | Encoding Terms not implemented | Staff Training | No inhouse training | System | Accountant: Assets and 3 X Assets Clerks appointed in June 2011. |
| | | | % of reduction in unresolved Finance related audit queries in the Auditor-General's Management Report | Annual Financial Statements | 100% | None | 100% | 100% | Unidentified deposits | Adverts to action plan unidentified deposits | Departments | CCACM | Weekly Credit Control Reports. Bank Reconciliation |
| | | | Number of days for Debtors Age Analysis to be updated within 2 days after month-end has been run | Annual Financial Statements | 2 | None | 2 | 2 | None | Maintain existing process. | None | PAPC & EXCO Minutes | Target achieved |
| | | | % Sub-System reconciliations signed off and suspense accounts cleared within 10 days of month-end being run | Annual Financial Statements | 90% | None | 90% | 80% | Assets, Inventory Reconciliations- Support from departments | Stores centralisation advertised for accountant and Asset Clerks | Support from departments. HR for appointments | Assets, Inventory registration | Completed by end of August 2011. |
| | | | Number of Management and Monitoring of Grant Expenditure to ensure it is spent on time as per the conditions of each grant | Annual Financial Statements | Grants report by the 10th | Grants report by the 10th | Submission of 12 Reports to PAPC & EXCO | 12 Reports to PAPC & EXCO | None | N/A | N/A | PAPC & EXCO Minutes | Target achieved |
| | | | % of reduction of unidentified deposits | Annual Financial Statements | 100% | None | 100% | 100% | Unidentified deposits | Adverts to action plan unidentified deposits | Departments | CCACM | 4 398 595.48 appropriated and 7 382 867 work in progress |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Number of plans developed to address gaps in internal control and document procedures | Internal Control | Internal Control Procedures in place | None | Adoption of Plan and Procedures by Council | A Draft Internal Control Plan Done Procedures adopted by Council in June 2011 | Finalisation of procedures | Document to be approved | None | Draft Internal Control Procedure | Target achieved |
| | Asset Management | To maintain an accurate, complete and coplaint asset register | % of completion of Asset Register | Asset Register | 95% | None | 95% | 90% | Finalisation of procedures | Document to be approved | None | Draft Internal Control Procedure | Target achieved |
| | | | % of updating of Asset Register | Maintaining Asset Register | 100% | None | 100% | 0% additions (Acct appointed 1 June 2011) | Finalisation of procedures | Document to be approved | None | Draft Internal Control Procedure | Target achieved |
| | | | % of assets asurance | Insurance Portfolio | 80% | None | 80% | 80% | Affordability | Budget Provision | Departments | Insurance Portfolio | Target achieved |
| | | | % on Capital Projects | Capital Budget Expenditure | 100% | None | 100% | 0% New Template drawn up. (Acct Assets appointed 1 June 2011) | No staff at Assets unit- Accountant off sick 6 weeks | Resigned in January 2011. Filing the vacant position | Busy with recruitment process | Assets register | Accountant: Assets and 3 X Assets Clerks appointed in June 2011. Assets attended to as at end of August 2011. |
| | | | % of actual verification of Asset Register | Verification of Asset Register | 100% | None | 100% | 80% verification done as at 30 June 2011 | Same as above comment | 2 x Asset Clerk and Assistant Manager | None | Monthly Report | Actual verification to take place in May and June 2011 |
| | Financial Viability | To provide financial viability | Current Ratio = current assets to current liabilities 1.5 : 1 | Current ratio | 1.54 | None | 1.5 : 1 | 1.63 : 1 | Interim Financial Statements | Interim Financial Statements | Finalise the re-advert of Final Accounts | None | AFS were compiled and presented before the Audit Committee in April 2011 |
| | | | Outstanding Service Debtors Ratio | Outstanding Debtors | 94.45 | None | 95.00 | 82.90 | None | Implementing Credit Control Action | Legal and EES | Accountant:AFS and CCAC Reports | Rates collection in Ezakheni is a major challenge due to not having a credit control measure i.e. Electricity sale license as in other surburbs & town. EES to engage with Eskom on getting this licence and Legal to go all out & collect handed over debt. |
| | | | Cost Coverage Ratio | Cost Coverage | 0.25 | None | 1:01 | 2.82 | None | None | None | None | The municipality is financially sound and able to meet its financial obligations. |
| IDP 031 | | To maximize revenue Management | % of annual collection | Refer above under revenue management | 90% | None | 90% | 93.79% | Refer above under revenue management | Refer above under revenue management | Refer above under revenue management | Refer above under revenue management | Target exceeded by 3.79% |
| IDP 033 | | | %in revenue collected by the municipality as a % of projected revenue target | Refer above under revenue management | 90% | None | 90% | 93.79% | Refer above under revenue management | Refer above under revenue management | Refer above under revenue management | Refer above under revenue management | Target exceeded by 3.79% |
| | | | % of budgeted revenue for property rates collected (Implementation of the Municipal Property Rates Act, 2004 (Act no. 6 of 2004) | Refer above under revenue management | 90% | None | 90% | 93.79% | Refer above under revenue management | Refer above under revenue management | Refer above under revenue management | Refer above under revenue management | Target exceeded by 3.79% |
| IDP 032 | | | Grants as a % of revenue received | Monthly MFMA reports, AFS | 100% | None | 100% | 95% | Planning | Improve on planning for the year | Departments need to spend grants in full | Annual Financial Statements | Economic Development, Engineering services and Electrical services can indicate reasons for not spending grants received in full. |
| | Audit Report | To ensure that there is no qualified report on finance related matters | No qualifications in the Audit Report relating to Finance | Audit Report | Unqualified Report 2009/2010 | None | Unqualified Audit Report | Pending | Unidentified deposits | None | None | Year end plan implementation | After year end |
| | Cash Flow | To reduced overdraft | No overdraft during the year | Financial Viability | No overdraft | None | R 0.00 | R 0.00 | None | None | None | No overdraft in place | No overdraft in place |
| | Expenditure Management | To improve and monitor operational expenditure against budegt | % Achieved (Actual operational expenditure / Budgeted operational expenditure) x 100 | Financial Viability | 100% | None | 100.00% | 95.75% | None | None | None | MFMA monthly reports | Monthly budget monitoring reports issued to MCM for budget control purpose. |
| | | To improve and monitorl capital expenditure against budegt | % Achieved (Actual capital expenditure/ Budgeted capital expenditure) x 100 | Financial Viability | 100% | None | 100% | 50.13% | Planning | Improve on planning for the year | Departments need to spend grants in full | MFMA monthly reports | Year plan should be developed on when will projects be implemented from procurement to implementation. |
| | | To improve maintanance expenditure against budget | % Achieved (Total repairs and maintenance expenditure/ Total operational budget) x 100 | Financial Viability | 100% | None | 5% (100%) | 5.69% (100%) | None | None | None | MFMA monthly reports | Target achieved |
| IDP 035 | | Annual repairs and maintenance expenditure | % of expenditure | Financial Viability | | None | R 82,750,015 | R 27,656,336 | None | None | None | MFMA monthly reports | None |
| | | Improve MIG expenditure against budget | % Achieved (Actual MIG expenditure/ Annual allocation) x 100 | Financial Viability | 100% | None | 100% | 151.37% | None | None | None | MFMA monthly reports | The Municipality provides bridging finance for MIG funds spent in advance on projects. |

DEPARTMENT : PUBLIC SAFETY

# ANNUAL CONSOLIDATED MUNICIPAL PERFORMANCE REPORT

FINANCIAL YEAR ENDED: 30 JUNE 2011

| IDP Indicator No. | Strategic Focus Area | Key Performance Objectives | KEY PERFORMANCE INDICATORS | Annual | | | | | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/ PROJECT | Baseline | Backlogs | Annual Target | Progress Achieved | | | | | |
| | Management of Traffic Administration and Income | To replace damaged Street names signs at Ezakheni and Steadville area | Number of Street signs | Demand Driven | Survey Report | None | 20 | 15 | Supply chain has not procured | To provide adequate budget | Political buy-in | Monthly Reports to Public Safety Portfolio Com. | A list of damage names for Ladysmith & Ezakheni given to supply chain, awaiting delivery |
| | | To implement Analog Number Plate Recognition system | % of unit | Traffic Calming Systems | None | None | 100% | 100% | None | None | Human Resource | 653 warrants of arrest executed | The system is adding value to the system |
| IDP 015 | | To provide law enforcement | Number of notices issued | Issuing of notices | 4070 | None | 11400 | 2787 | None | None | None | Monthly Reports to Public Safety Portfolio Com. | Shortage of staff; staff on annual leave; officers to college for lectures |
| IDP 016 | | | Number of accidents reported | Number of accidents | 439 | None | 460 | 439 | None | None | None | Monthly Reports to Public Safety Portfolio Com. | Additional posts approved by council will assist to reduce accidents |
| IDP 017 | | To conduct Traffic Education and Awareness | Number of schools | Public and Traffic Safety and Awareness | 32 | None | 40 | 40 | None | None | None | Monthly Reports to Public Safety Portfolio Com. | 11 School visited in last 3 quarter |
| IDP 018 | | To Provide traffic calming measures to reduce road accidents | Number of speed humps | Traffic Calming | 37 | None | 12 | 14 | None | None | Funds | Monthly Reports to Public Safety Portfolio Com. | The demand for speed humps is very high |
| IDP 019 | LICENSING SERVICES MANAGEMENT | To conduct Roadblocks inline with national targets | Number of road blocks conducted | Roadblocks | 48 | None | 196 (48* 12) | 253 | None | None | None | None | National Rollout Enforcement Plan |
| IDP 020 | | To promote compliance with Road Traffic Act | Number of licence issued | Testing and issue of Drivers licenses | 1321 | None | 4000 | 4032 | None | None | None | None | The new testing center will provide additional revenue |
| | | | Number of vehicles registered | Registration of vehicles and licensing | 1663 | None | 6000 | 6763 | None | None | None | None | The target is driven by community demand |
| IDP 021 | SECURITY & DISASTER MANAGEMENT | To speedily respont to fire fighting and natural disasters calls | Number of minutes | Emergency relief | 10 | None | 10 | 10 | None | None | Additional funding | The occurance book | To sought the services of volunteers |
| IDP 022 | | To provide emergency tents | Number of minutes | Emergency relief | 12 | None | 12 | 12 | None | NONE | Additional funding | Emergency register | All disasters were attended to timeously |
| IDP 023 | | To implement and monitoring of phase 3 Surveillance Camera's | Number of hours | Crime combating and community safety | 24 | None | 24 | 24 | None | None | Lack of physical written report | Occurance Book and the Staff Attendence Register | Funding of 1 million for new financial year has been secured |
| IDP 024 | | To install Municipal Vehicle Tracking Sytem | % of vehicles installed | Vehicle Tracking System | 40% | None | 100% | 100% | None | None | None | Reports | Progressing very well |
| | FLEET MANAGEMENT | Light Vehicles - average 3 days turnaround (deviations reported) | Number of days on average | Fleet Maintenance | 3 | None | 3 | 3 | SCM unit not procuring on time | Improving supply chain management systems | Additional Staff | Reports | Improve supply chain management |
| | | Heavy Vehicles - average 3 weeks turnaround (deviations reported) | Number of weeks on average | Fleet Maintenance | 3 | None | 3 | 3 | SCM unit not procuring on time | Improving supply chain management systems | Additional Staff | Reports | Improve supply chain management |
| | | Heavy Plant - average 1 months turnaround (deviations reported) | Number of months on average | Fleet Maintenance | 1 | None | 1 | 1 | SCM unit not procuring on time | Improving supply chain management systems | Additional Staff | Reports | Improve supply chain management |

DEPARTMENT : CORPORATE SERVICES

| IDP Inicator No. | Strategic Focus Area | Key Performance Objectives | Key Performance Indicators | Annual | | | | | FINANCIAL YEAR ENDED: 30 JUNE 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/ project | Baseline | Backlogs | Annual Target | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
| | MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT | To ensure that the institution operates in line with the appropriaate legislation | % of level 01 to 6 staff members | Performance Evaluation | 100% | 50% | 100% | 50% | Staff on leave | Better co-ordination of leave | None | Reports | Done |
| | | | % of vacancies filled | HR | 90% | 25% | 90% | 75% | Process slow | Speed up | None | L.O.App | The speed of appointment |
| | | | % of update of leave register | HR | 100% | None | 100% | 100% | None | None | None | Reports to SSPC | SAMRAS Leave module |
| | | | % of labour stability | HR | 90% | None | 90% | 90% | None | None | None | Reports LLF | Dealt with the Unions on |
| | | | % of grievances | HR | 95% | None | 95% | 95% | None | None | None | Reports LLF | Dealt with the Unions on |
| | | To improve internal skills development and capacitation | % of submissions of skills plan | Skills Development Plan | 100% | None | 100% | 100% | None | None | None | WSP Plan LLF | Reports submitted on a regular basis to the LLF |
| | | | Number of employees | Training | 100 | None | 100 | 191 | None | None | None | Skills Plan | Reports submitted on a regular basis to the LLF |
| | | | % of budget spent Workplace Skills Plan | Budget | 89% | None | 89% | 89% | None | None | None | Budget | Reports submitted on a regular basis to the LLF |
| | | | % of skills levy rebates received from SETA | Budget | 100% | None | 100% | 100% | None | None | None | Budget | Reports submitted on a regular basis to the LLF |
| | | To finalize Job Evaluation Process | % of posts evaluated | J/E Outcomes | 100% | None | 100% | 100% | None | None | None | Outcomes Report | Reports submitted on a regular basis to the LLF |
| | | To ensure institutional equity plan is developed and implemented in the three highest level posts | % of implementation of equity plan | Quarterly | 80% | 80% | 80% | 75% | A workshop still needs to be arranged between councilors nominees, unions, managers and the Municipal Manager regarding the organograms as well as the Employment Equity Plan | A workshop needs to be arranged with relevant role players | That the respective committee attend the workshop | EE Plan | A workshop still needs to be arranged between councilors nominees, unions, managers and the Municipal Manager regarding the organogram as well as the Employment Equity Plan |
| | | | % of target groups | E/E Plan Monitoring | 90% | 10% | 90% | 82% | To be re-visited by new Council | Council support | Approval by council | Reports | A workshop is arranged |
| | | To develop and implement IT Systems that meet the needs of the | % of compilation of an IT plan | IT Plan Approved | 50% | 50% | 100% | 100% | None | None | None | Reports | To improve networking |
| | | | Number of hours to attend to queties | Turn Around Time on quiries | 24 | None | 24 | 24 | Shortage of staff | Recrut more staff | Only 01 post budgeted for | Statistics Report | Severe shortage of staff |
| | | | Number of days to updates systems | System Update | Daily | None | Daily | Daily | None | None | None | None | Updates are done on the daily basis |
| | | | Number websites updates per months | Municipal Website update | Monthly | None | Monthly | Monthly | None | None | None | None | Website developed |
| | | To provide on-going employees assistance program | % of assistance provided to staff | EAP | 100% | None | 100% | 100% | None | None | None | Reports | The desk is fully operational |
| | | To encourage inter governmental relationships | Number of meetings | Meetings with Department of Labour | 2 | None | 2 | 1 | Unavailablty of chairperson | Creating a sound stakeholders | Intensive intervene from LLF | Minutes | Programme of Action must be developed |
| | | To develop councillors and staff | Number of councillors | Councillor Support Program | 50 | None | 50 | 50 | None | None | None | Reports | Provincial Treasury issued a directive preventing training initiatives for |
| | | | % of training provided | Training program | 100% | None | 100% | 100% | None | None | None | Reports | None |
| | | | % of critical posts *(Number of critical posts filled/ Total number of critical posts on the organogram) x 100* | Critical posts | 80% | 20% | 100% | 100% | None | None | Increase in the remunation of senior staff | Contracts | None |
| | | | % of signed performance agreements *(Total number of signed performance agreements for critical posts/ Total number of critical posts on the organogram) x 100* | Percentage of critical posts with signed performance agreements | 100% | None | 100% | 100% | None | None | None | Performnce Contracts | None |
| | | | % of function LLF | Acceptable level of | 100% | None | 100% | 100% | None | None | Bargaining Council | LLF minutes | None |

| | | | | Demand/ project | Baseline | Backlogs | Annual Target | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | LABOUR RELATIONS MANAGEMEI | To ensure effective labour managment and employment equity strate | Number of meetings | functionality of Local Labour Forum | 12 | None | 12 | 9 | Councillors not attending | Mattar refered to the speaker | Bargaining Council | LLF minutes | None |
| | | | % of budget spent Workplace Skills Plan | Workplace Skills Plan | 100% | None | 100% | 100% | None | None | None | Workplace Skills Plan | None |
| | | | Number of people from employment equity target groups employed in the three highest levels of management | Municipal Manager | 1 | None | 1 | 1 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Woman | 0 | None | 0 | 0 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Black | 1 | None | 1 | 1 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Youth | 0 | None | 0 | 0 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Disabled | 0 | None | 0 | 0 | None | None | None | Appointment Letters & Organogram | None |
| | | | | No. - S57 Managers | 5 | None | 4 | 4 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Woman | 1 | None | 1 | 1 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Black | 2 | None | 2 | 2 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Youth | 0 | None | 0 | 0 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Disabled | 0 | None | 0 | 0 | None | None | None | Appointment Letters & Organogram | None |
| | | | | No. - S56 Managers | 5 | None | 4 | 4 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Woman | 2 | None | 1 | 1 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Black | 2 | None | 2 | 2 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Youth | 0 | None | 0 | 0 | None | None | None | Appointment Letters & Organogram | None |
| | | | | Disabled | 0 | None | 0 | 0 | None | None | None | Appointment Letters & Organogram | None |

# ANNUAL CONSOLIDATED MUNICIPAL PERFORMANCE REPORT

DEPARTMENT : ECONOMIC DEVELOPMENT

| IDP Indicator No. | Strategic Focus Area | Strategic Objectives | KEY PERFORMANCE INDICATORS | Annual | | | | | FINANCIAL YEAR ENDED: 30 JUNE 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/Project | Baseline | Backlogs | Annual Targets | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
| | Provision of recreational facilities, beautification of entrances and town | To develop Parks, Maintain & Enhance Municipal Gardens and Open Spaces. | Number of parks | Rural parks | 12 | None | 6 | 6 | Delay in the manufacturing of playing equipments | Recruitment of a welders | Two more welders have been recruited | Portfolio of evidence Report | The improvement in procurement and establishment of new stores will improve delivery of service |
| | | | Number of entrances | Municipal Entrances | 2 | None | 2 | 2 | Lack of resources such a front loader/ grader | Improve services of vehicles | Consulted with Africa Training to train more grader and TLB drivers | Portfolio of evidence Report | 15000 $m^2$ grass planted at Moddelkloof and Steadville Entrance 20% complete. |
| | Provision and maintenance of basic sporting facilities and recreational facilities | To provide Grading of existing grounds in townships and Rural Areas. Cutting and marking of grounds. Watering and fixing of ablution. | Number of sports grounds | Maintenance of Sports grounds | 65 | None | 65 | 65 | Weather and lack of equipment | Improve services of vehicles | Consulted with Africa Training to train more grader and TLB drivers | Portfolio of evidence Report | The maintanence of sports ground needs the sport sections to develop a program to make use of those sports fields |
| | | To provide 10 additional sports grounds | Number of sports grounds | New Sports grounds | 65 | None | 65 | 10 | Weather and lack of equipment | Improve services of vehicles | Consulted with Africa Training to train more grader and TLB drivers | Portfolio of evidence Report | The maintanence of sports ground needs the sport sections to develop a program to make use of those sports fields |
| IDP 011 | Establishment and management of cemeteries | To provide fencing and Ablution facilities at new Cemetery Sites | Number of cemetries | Development of new cemetries | 3 | None | 3 | 2 | Land ownership/ Compliance with Enviro/Geotechnical compliance | Have identifeied a suitable land | Leasing the land from Ingonyama Trust | Portfolio of evidence Report | Ablution Ndomba 15% complete. Security house 95% complete. Blue Bank 5% Complete. |
| | | | Number of cemetries | Maintenance of Sports grounds | 7 | None | 7 | 7 | Lack of resources such as the TLB | Acquired a new TLB | Secure a low bed to transport the TLB from one area to another | Portfolio of evidence Report | |
| | Creating a conducive healthy environment | To provide refuse removal in rural areas | Number of wards | Refuse Removal | 10 | None | 27 | 27 | Lack of Awareness in communities | Increased awareness campaigns on litter disposal | Community participation and School visits | Weekly reports to Departmental Manager | POA to be developed for Community Awareness Campaigns |
| IDP 010 | | To provide clearing of illegal dumping in town and two townships | Number of days | Siyazenzela Project | 30 | None | 30 | 30 | Lack of Awareness in communities | Increased awareness campaigns on litter disposal | Community Cooperation | Siyazenzela Project File | Notices to be issued to Township residents |
| | | To develop waste Management Plan | Adoption of the plan by council | Strategic Plan | None | None | 100% | Waiting to be approved by Council | Draft Waste Management Plan not yet approved by Council | Approval of Plan by Council | Approval of Plan by Council | Draft Waste Management Plan | Plan to be approved by Newly Elected Council |
| IDP 009 | | *Number of households with access to basic refuse removal* | Number of households | Refuse Removal | 35,000 | None | 35,000 | 40,000 | None | None | None | None | Plants breakedown and uncontrolled weather conditions |
| | Creating a condusive environment for Local Economic Development | To provide support to small, emerging and previously disadvantage farmers | Number of beneficiaries | Agrarian Revolution | 55 | None | 80 | 93 | None | None | Additional Funding | Records, reports to Economic Portfolio, Minutes of Meetings etc. | Procurement of Tractors and Implements |
| | | *Number of jobs created through LED* | Number of jobs | LED | Demand Driven | None | 150 | 133 | Funding and viable projects | Allocation of additional funding | Additional funding | Portfolio Committee | Limited funding to roll out LED projects |
| IDP 029 | | To provide support to existing cooperatives and SMMEs | Number of cooperatives | Promotion of SMME's | 15 | None | 15 | 15 | Cumbersome process to register with CIPRO | To be more proactive | Additional staff required at LED | Minutes of meetings, invoices, records | Supply Chain to fast track procurement |
| | | To implement an industrial attraction and business retention strategy | Number of industries | Business expansion & retention | 20 | None | 20 | 20 | Local Government Elections & Unavailability of Councillors | More frequent visits | Active support from Chairperson Econ. Portfolio & HOD's | Attendance registers, minutes, reports of BR & E visits | Working breakfast was conducted to obtain feedback from all the industries visited. |
| IDP 012 | Formulation of Strategic Future Plans for the municipal area both in Rural and Urban Areas | To Formulate a Comprehensive Corridor Development Plan for N11 & R103 and Nodal Analysis | N11 & R103 Corridor Development Plan and Nodal Analysis | Spatial Development | Spatial Development Framework | None | 100% | 75% | The consultant delayed the process by handing in the documents late. | Comments on the first draft report to be submitted to consultant. Final strategy to be submitted to the municipality by the consultant incorporating the municipalites | All departments to comment on the analysis | Draft report | Improvement on the draft analysis as it is not up to our standard |
| IDP 013 | | Compilation of an Area Development Plan for Driefontein Complex Area | Number of plans approvede | | Spatial Development Framework | None | 90% | 100% | Local Government Elections & Unavailability of Councillors | Workshop to be conducted by the consultant informing the councillors on what they are proposing. | None | Draft report | Workshop to be conducted on the 22/07/11 |
| | Reveiwing an Integrated Development Plan (IDP) | To formulation of IDP Process Plan for 2011/12 Financial | Number of IDP Reveiw developed and approved | IDP | Adopted IDP Process Plan | None | 100% | 100% | None | Bound Compliance matter | None | Minutes of meeting, ie EXCO and Council | None |

DEPARTMENT: GOVERNANCE AND TRANSFORMATION

FINANCIAL YEAR ENDED: 30 JUNE 2011

| IDP Indicator No. | Strategic Focus Area | Key Performance Indicators | KPI | Annual | | | | | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/Projects | Baseline | Backlogs | Annual Target | Progress Achieved | | | | | |
| IDP 001 | TO PROVIDE HOUSING TO QUALIFYING BENEFICIARIES | PROVISION OF SUSTAINABLE HUMAN SETTLEMENTS AND REDUCE HOUSING BACKLOGS | Number of houses to be constructed | B&C TIN HOUSES | 72 units | 72 Units | 270 units | 0 | Deceased estates and realignment funding | New conveyencer appointed | Cohesion of all stakeholders | Implementing Agents/ Payment schedule and Site visits | To take up the outstanding issues with the Prov. Department of Housing |
| | | | | EZAKHENI C 624 | 624 | 624 units | 46 units | 0 | Realignment | Have made an application to Provincial Human Sttlement Dept. | Cohesion of all stakeholders | Implementing agents/ Payment schedule and Site visits | To take up the outstanding issues with the Prov. Department of Housing |
| | | | | ST.CHADS URBAN | 399 units | 399 units | 600 units | 102 | Realignment | Have made an application to Provincial Human Sttlement Dept. | Cohesion of all stakeholders | Implementing agents/ Payment schedule and Site visits | To take up the outstanding issues with the Prov. Department of Housing |
| | | | | ST. CHADS RURAL | 31 units | 31 units | 66 units | 0 | Realignment | Have made an application to Provincial Human Sttlement Dept. | Cohesion of all stakeholders | Implementing agents/ Payment schedule and Site visits | To take up the outstanding issues with the Prov. Department of Housing |
| | | | | STEADVILLE AREA E | 110 units | 110 units | 65 units | 0 | Realignment | Have made an application to Provincial Human Sttlement Dept. | Cohesion of all stakeholders | Implementing agents/ Payment schedule and Site visits | Project is progressing well. Transfers outstanding. |
| | | | | UMBULWANE PI&II | 0 | 137 Units | 137 units | 0 | Realignment | Have made an application to Provincial Human Sttlement Dept. | Cohesion of all stakeholders | Implementing agents/ Payment schedule and Site visits | To take up the outstanding issues with the Prov. Department of Housing |
| | | | | STEADVILLE AREA H | 0 | 500 Units | 500 units | 0 | The land availability and layout plan approval and outstanding town planning issues | Valuer has been appointed by DRDLR and the value of the land revisited | Cohesion of all stakeholders | Implementing agents/ Payment schedule and Site visits | Awaiting approval of layout plan from Manager Engineering services. |
| | | | | SLUM CLEARANCE | 0 | 1500 Units | 1500 UNITS | 75 (Ezakheni E) 67 (Colenso Gumtree) | Signing of the Tripartite contract | Intervention by the Municipal Manger | Appointment of additional staff | Implementing agents/ Payment schedule and Site visits | Project progressing well |
| | | | | RECTIFICATION | 0 | 2772 Units | 2772 UNITS | 98 | NHBRC compliance and enrollment | Intervention by the Municipal Manger | Appointment of additional staff | Implementing agents/ Payment schedule and Site visits | To take up the outstanding issues with the Prov. Department of Housing |
| | | | | EMERGENCY HOUSING | 0 | 1770 Units | 1770 UNITS | 0 | Land tenure matters | Intervention by the Municipal Manger | Appointment of additional staff | Implementing agents/ Payment schedule and Site visits | To take up the outstanding issues with the Prov. Department of Housing |
| | Disposal of Land | To dispose of land by in terms of MFMA | Amount Generated | Disposal of land | R 1,941,775.00 | R 1,941,775.00 | R5 million generated | R 1,855,650.00 | Affordablitiy in current financial climate. | Explore better advertising methods | Identifying and making available for affordable housing | Municipal Town Planner and municipal Valuer | Lengthy legislative process cannot satisfy immediate demand. |

ANNUAL CONSOLIDATED MUNICIPAL PERFORMANCE REPORT

DEPARTMENT : GOVERNANCE AND TRANSFORMATION

| IDP Indicator No. | Strategic Focus Area | KEY PERFORMANCE OBJECTIVES | KEY PERFORMANCE INDICATORS | Annual | | | | | FINANCIAL YEAR ENDED: 30 JUNE 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/Projects | Baseline | Backlogs | Annual Target | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
| | Provision of books, library material and resources for school projects, distance learning and recreational reading | To provide resources and material for education, information and self improvement in the townships and rural areas. | Statistics of membership increase per quarter | Requirements of the National Curriculum Statement | 13692 Memebrship | 13692 Memebrship | 10% of membersip growth per quarter | 15098 membership | Proof of residence | School data base | Mayors office and schools data base | Monthly reports to support service and provincial libarary services | None |
| | Provide an international heritage and cultural experience | To preserve, conserve and entail heritage, legacy and museum program | Statistics of visitors per quarter | Promotion of Tourism and Cultural Awareness | 5644 visitors | 5644 visitors | 5% growth of visitors per quarter | 1702 visitors | Inadequate marketing and promotion drive | Vigorious and robust linternal and international branding of Ladysmith | Funding | Monthly reports to support service and provincial museum services | None |
| | To Provide Community Halls to the Public of Ladysmith | Provision of safe, and clean community halls for a variety of purposes and functions | Number of halls renovated | Refurbishment of Community facilities | 4 completed in 2009/2010 | 4 completed in 2009/2010 | 4 halls renovated | 2 done : Nkanyezi/ Town Hall | Ageing council infrastructure funding not adequate | Request additional funding from adjustment budget | Clarity on MIG funding for council infrastructure funding | Site Visit, Quarterly Reports | None |
| | Revenue Enhancement | To ensure the collection of historical Debt | R 1,500,000 | Collection of historical debt | R 6,000,000 | R 6,000,000 | R 6,000,000 | Annual Achelvements: R7.9 million | Long legal process through the courts and attorneys | Target the hand-over accounts | Find corrective measureas to include the community | Credit Control and Exco Monthly Reports | The increasing number of indigent. Community hostility towards credit |
| | Provision of legal processes to improve labour stability and discipline | To ensure that disciplinary tribunals are held within the collective agreement timeframes | Number Discipline effected within 3 months | Initiating of disciplinary measures | 27 cases initiated | Discipline effected within 3 months | All disciplinary cases effected within a period of 3 months | 24 cases only 10 are finalized | Unavailability of key personnel | Establish a relationship with the Unions | Develop a reporting software and electronic recording mechanisms | Electronic Data software and Quarterly Report Local labour Forum and Municipal Manager | Empowerment of line managers to deal with minor offences |
| | Records Management | Provide efficient, effective and up to date business support to the organisation | % of compliance with National Archives Act of 2003 | Centralized registry and archives | 60% compliance with the National Archives requirements | 60% compliance with the National Archives requirements | 90% compliance with the National Archive check list | 0% | Dissapearance of files and availability of space | Digitalizing of data and records | Submission to National Archives to file and write-off old files | National Archive checklist and daily register | Establishment of shelving and storage of files and Qedusizi Dam |
| | COMPILATION OF SUPPLEMANTARY VALUATION ROLLS | To increase municipal revenue | % of completed supplimentary valuation roll 07 linked to the financial system | Develop an improved and credible supplementary valuation roll | Completed 6th supplementary valuation roll | Completed 6th supplementary valuation roll | 1%Increase in property values every six months | The 7th SVR completed | Appointment of a senior valuer (assistant) | Information from the Building Inspectors do not cascade to finance and valuation | The matter was discussed with Manager ES | A copy of the Valuation Roll. Advert in the local paper and municipal website | Need IT support |
| | Public Participation | Good Governance, Community Participation and Ward Committee Systems | % of functional Ward Committees | % Achieved *(Number of functional Ward Committees/ Total Number of Ward Committees) x 100* | 80% of functional committees | 80% of functional committees | 100% functional ward committees | 100% ward committees functioning | The role of councillors and the political affiliation of members | Education and Training | Empower ward committee facilitators and training of secretaries | Reports to the Speaker's Office | Urgent training of newly elected ward committees would assist in improving services |
| | | | Number of Ward Committee meetings held and percentage attendance by members | No. of meetings | 01 meeting in every 2nd month p/w | 01 meeting in every 2nd month p/w | 01 meeting in every 2nd month p/w | 01 meeting in every 2nd month p/w | The availability of chairperson and co-ordination esp. in the rural areas | Centralization of meetings and provide transport | Provision of adequate vehicles | Reports to the Speaker's Office | Non-adherence by councillors to meeting guidelines |
| | | | | % attendance achieved | 75% attendance | 75% attendance | 100% attendance | 90% attendance \ | Non-attendence by sector departments | Move meetings to be held during the day of the | Improve co-operative governance | Attendence registers and invitation letters | To improve intergovernmental |
| | | | Number of community meetings held | No. of meetings | 04 meetings per annum | 04 meetings per annum | 4 meetings per annum | Pre-election report back meetings in every ward | Non-adherence to council annual plan by councillors | Persuade councillors to follow the annual plan | Chief whip and the speaker to monitor the calling of council meetings | Minutes of meetings and attendence register | To improve public participation through other means of community |

| IDP Indicator No. | Strategic Focus Area | Strategic Objective | KEY PERFORMANCE INDICATORS | Annual | | | | | FINANCIAL YEAR ENDED: 30 JUNE 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/Project | Baseline 2009/2010 | Backlogs | Annual Target | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
| IDP 003 | BASIC SERVICE DELIVERY THROUGH PUBLIC WORKS PROGRAM | To improve and maintain the road network systems. | number of $m^2$ Roads sealsed | Road sealing | 80 000$m^2$ | 80 000$m^2$ | 100 000$m^2$ Sealing Programme | 101 036.4m2 | None | None | None | Site inspections and Monthly Reports to Portfolio Committee | None |
| IDP 004 | | | Number of potholes patched | Patching | 3000 | 3000 | 1500 | 5736 | None | None | None | Site inspections and Monthly Reports to Portfolio Committee | Loss of institutional knowledge which leads to brain drain |
| IDP 002 | | | Number of Km gravel roads maintained | Grading and Maintenance of Gravel Roads | 26 Km | 26 Km | 40kms | 53 km | None | None | None | Site inspections and Monthly Reports to Portfolio Committee | Improve the efficiency in fleet maintenance |
| IDP 005 | | | number of m2 Roads sealsed | Sidewalks | 8000$m^2$ | 8000$m^2$ | 10 000$m^2$ | 11 108.35m2 | None | None | None | Site inspections and Monthly Reports to Portfolio Committee | Council provide adequate funding |
| IDP 006 | | To effectively control runoff water. | % of operational expenditure against budget | 500m of storm water pipes cleaned, 150 catchpits maintained, 2km's of cut off drains maintained, 500m kerbs maintained, 40 low water crossings to be maintained. | R6.5 million | R6.5 million | R 9.8 million Rands | R9.8 million | Equipment and staff | Job Creation/ Improve fleet maintenance | Permanent appointment of senior staff and skilled personnel | Monthly Reports to Portfolio Committee | None |
| | | To effectively inprove Solid Waste Management | % Compliance with the department of Environmental checklist/standards | Landfill Site Management | 100% | 100% | 100% | 100% | None | None | Additional resources such excavators | Landfill site audit by Environmental Affairs Dept. | The identification of a new landfill site is underway. |
| | | To maintain the Klip River channel/basin | % compliance with the requirements of Part D of the Operational Manual - Qedusizi Dam. | Operational Budget : Clearing and cutting of growth and debris and small trees in the River Channel. The removal of silt and the implementation of sand mining contracts in strategic areas to improve flow. Cleaning, maintaining and repairing river of vegetation, silt etc. | 100% | 100% | 100% | 100% | None | None | Construction of a storage dam on the upstream/upper lying areas | Annual reports to Water Affairs | Backwater modelling exercise, cross section evaluation and levee inspection done regulary. |
| | | To approve building plans and inspections therein, in accordance with the NBR,Town Planning and By-Laws. | % of building complied with Municipal by-laws | Building plans approval | 0 | 90% | 100% | 100% | None | Appointment of additional staff, electronic system must be acquired. | Electronic tracking,registration of building plans | Building plans register and submission of building figures to Stats SA | Legal expert to assist with prosecution and appointment of building controlled staff |
| IDP 014 | | To develop public infrastructure and improve service delivery | Rand value expenditure in projects | To construct Lister Clarence Building. | 0 | 0 | R5.6mil | 0 | Non-performance by service provider | Cancell contract and appoint a new service provider | Appointment of capable contractors by Council | Project management reports | The Municipality appointed a Contractor last year by name of Clairdene Contractors and due to non performance the contract was terminated. TThe contrac has been re-advertised an the Municipality is examining the tenders to make award. |
| | | | | Construction of Testing Facility / Building: Public Safety. | 0 | 0 | R3.3mil | R3.3 million | None | None | Finance additional budget | Monthly progress reports | Project in progress |
| | | | | Watersmeet Community Hall | R0.45mil | R0.45mil | R1 mill | R1 million | Insufficient Budget | Request additional funding | Finance additional budget | Monthly progress reports | Project in progress |
| | | | | Mcitsheni Community Hall | R0.45mil | R0.45mil | R1 mill | R1 million | Insufficient Budget | Request additional funding | Finance additional budget | Monthly progress reports | Project in progress |
| IDP 007 | | | | Ezakheni Sports Complex: Sports Hall,Two Swimming Pools | 0 | 0 | R15 mill | 0 | Service provider not appointed | Improve effeciency of SCM | Appointment of capable contractors by council | Project management reports | Project being implemented, Metal Workers strike, etc caused delays. The Municipality will charge penalties for slow performance. |
| | | | | Tarring of Township Roads | R11.7mil | R12.7mil | R24 mill | R24 million | Insufficient Budget | Effective project management | Appointment of capable contractors by council | Project management reports | Project in progress |
| | | | | Tarring of Roads in CBD. | 0 | 0 | R8.9 mill | R8.9 million | Insufficient Budget | Request additional funding | None | Project management reports | Project completed |
| | | | | Trading Stalls Queen and Forbes Street Taxi Rank. | R2.2mil | R2.2mil | R2 mill | R2 million | Insufficient Budget | Request additional funding | None | Project management reports | Project completed |
| | | | | Ezakheni Sidewalks | 0 | 0 | R4.6 mill | R4.6 million | Insufficient Budget | Request additional funding | Additional Budget | Project management reports | Project completed |
| | | | | Ezakheni Street Lighting | 0 | 0 | R2.5 mill | R2.5 million | Insufficient Budget | Request additional funding | Additional Budget | Project management reports | Project completed |
| | | | | Ezakheni Taxi Rank | 0 | 0 | R5 mill | R 1,727,321.00 | Slow performance (Contractor) | Request additional funding | Micro management of the project | Project management reports | Project being implemented, Metal Workers strike, etc caused delays. The Municipality will charge penalties for slow performance. |

DEPARTMENT : ENGINEERING

# ANNUAL CONSOLIDATED MUNICIPAL PERFORMANCE REPORT

| IDP Indicator No. | Strategic Focus Area | Strategic Objective | KEY PERFORMANCE INDICATORS | Annual | | | | | FINANCIAL YEAR ENDED: 30 JUNE 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/Project | Baseline 2009/2010 | Backlogs | Annual Target | Progress Achieved | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
| IDP 030 | | To enabling environment for growth and development | Number of jobs created through capital works plan | No. of jobs | 300 | 300 | 300 | 347 | None | None | None | Project management reports | None |

# ANNUAL CONSOLIDATED MUNICIPAL PERFORMANCE REPORT

DEPARTMENT : ELECTRICITY

FINANCIAL YEAR ENDED: 30 JUNE 2011

| IDP Indicator No. | Strategic Focus Area | Key Performance Objectives | KPI | Annual | | | | | Blockages | Corrective Measures | Support needed in terms of unblocking | Source of Information | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demand/Project | Baseline | Backlogs | Annual Target | Progress Achieved | | | | | |
| | SUPPORT SERVICES | To implement work intergrated learning programmes | Number of apprentices | Aprrentices Training Programme | 5 | None | 5 | 5 | None | None | None | Trade Tests results/ Management report | Permanent appointment for four electricians on 01 March 2011 |
| | | To provide proper financial management | Number of days | Daily Costing | Daily | None | 24Hrs | within 24hrs | Human Resources | Appointment of qualified and competent people | Human Resource and Finance | SAMRAS Financial Systems | The actual costing is done by finance, recoverable jobbing still remain a challeng |
| | | To provide Free Basic Electricity | Number of kWh | 50kWh | 50kWh | None | 50kWh | 50kWh | None | None | None | Contour system and Eskom | Customer driven |
| | | To monitor ESKOM Demand for Ladysmith/Colenso and Minimise costs | KVA, KWH | Bulk Electricity Purchase for Ladysmith and Colenso | 60 MVA | 60 MVA | 60 MVA | 60 MVA | None | None | None | Eskom Account | Do not experience any challenges and working within budget |
| | CUSTOMER SERVICES | To accurate meter reading to all customers | % of accurate meter reading | 100% | 100% | None | 100% | 100% | None | Noe | Human Resource and Finance | SAMRAS Financial Systems | Human Resource constraints and Access to property |
| IDP 026 | | To provide basic lectricity to all households | Number of days | Processing of new applictions | Deman driven | None | 14 | 14 | None | None | Contracting of the projects | Job card and applications register | In certain cases emergencies and circumstances beyond control are obstacles |
| | METERING & SERVICES | To Reduce Non Technical Losses to an acceptable standard | % of reduction of Non Technical Losses | Revenue Protection | 7% | None | 10% | 11% | None | None | Provision of Budget | Report to Audit Committee | Accuracy or integrity of the Financial Sales Data |
| | | To generate revenue and reduce non-payments | Number of disconnection per electricians per day | Disconnection list | None | 20 | 20 | 20 | None | None | Adequate funding | Disconnection file and credit control committee weekly reporting | Budget support is critical in order to migrate to prepaid meters |
| | OPERATIONS AND MAINTANCE | To manage expenditures | Rand value | Infrastructure refurbishment | None | R 5,200,000 | R 8,300,000.00 | R 5,647,336.00 | Unavailability of Good contractors and inadequate skills internally, legging delivery time | Resort to repair by manufacturers | Good manpower in terms of design skills | SAMRAS Financial Systems | In need of good design skills |
| | DISTRIBUTION | To ensure the quality of supply - electricity - NRS047/NRS048 | Number of units | Quality of supply and services | Supplied within the NR047/NRS 048 | Supplied within the NR047/NRS 048 | Quality of supply - electricity - NRS047/NRS048 | Supplied within the NR047/NRS 048 | Ageing infrastructure, high lightinging zone | Refurbish infrastructure and renew | Sustained budget support | Control Room Log Book | Ageing of infrastructure remain a challenge |
| | ELECTRIFICATION AND SERVICE DELIVERY | To change existing streetlights to energy effecient lamps in Ezakheni - 2009/2010 | Number of streetlights | Energy Efficiency Demand side management | None | 3,128 | 3,128 | 3,128 | None | None | None | None | Project completed beyond scope |
| | | To change existing streetlights to energy effecient lamps in Stdville / Ladysmith - 2010/2011 | Number of streetlights | Energy Efficiency Demand side management | 3,060 | 3,060 | Appoint 01 Contractor | Contractor appointed | None | None | None | None | Progressing as scheduled |
| IDP 025 | | To provide basic lectricity to all households | Number of households | Area E 184 connections | 184 | 184 | 184 | 39 (11) | The balance of the houses were far from infrastructure | A tender was advertised and no qualifying bidder | Reconsider to complete the project inhouse | Arial photographs and a tender document | 39 houses electrified and the balance (11) was transferred to Area D |
| | | | | Thembalihle In-fills 42 connections | 42 | 42 | 42 | 0 | non-availability of contractors | Tender re-issued | Attract qualifying bidders | Tender document | If qualifying bidder not identified to reconsider doing it inhouse |
| | | | | Area D 50 connections | 50 | 50 | 50 | 50 + 21 | Nil | None | None | Aerial photogrpis | Additional units were funded from project area E and Community Gardens |
| | | | | Umbulwane 248 connections | 248 | 248 | 248 | 0 | non-availability of contractors | Tender re-issued | Attract qualifying bidders | Tender document | If qualifying bidder not identified to reconsider doing it inhouse |
| | | | | Area J 57 connections | 57 | 57 | 57 | 57 | None | None | None | Aerial photographs | Project completed |
| | | | | Area H-Steadville 500 connections | 129 | 129 | 129 | 129 | None | None | None | Aerial photographs | Project completed |
| | | | | Community Gardens 20 connections | 20 | 20 | 20 | 12 | Construction of houses not completed | Awaiting the completion of houses | None | Aerial photographs | Additional housing construction awaited |
| | | | | Shayamoya Phase III - 26 connections | 26 | 26 | 26 | 0 | To identify beneficiaries by the mayoral office | The mayoral office to work with local councillors | Councillors and community | Aerial Photographs | The project to be completed by July 2011 |
| | DESIGN, PLANNING & PROJECTS | To upgrade existing network in the CBD | % of complition | Equip substation with 11kV panels and c/b and instal 2x11kV cables to Lyell str. Sub. | 0% | 60% | 60% | 48% | Budget constraint | Budget support | Budget support | SAMRAS Financial Systems | None |

# PERFORMNCE AUDIT COMMITTEE REPORT ANNEXURE B

# PERFORMANCE AUDIT COMMITTEE REPORT 2010/2011

# REPORT TO THE EMNAMBITHI-LADYSMITH MUNICIPALITY

## 1. LEGAL MANDATE

In terms of Local Government: Municipal Planning and Performance Regulation, 2001 paragraph 14 (4) (a) (iii), the Performance Audit Committee must at least twice during the year submit an audit report to the municipal council concerned.

## 2. COMPOSITION OF THE COMMITTEE

The following Audit Committee members were appointed to serve in the Emnambithi-Ladysmith Municipality as per the Local Government Municipal Planning and Performance Regulation.

Mr. TP Kunene (Chairperson)
Mr. CJ Rautenbach
Mr. HPH Kubheka

## 3. ALIGNMENT

The Emnambithi-Ladysmith Municipal Performance Management System specify objectives and targets defined and agreed upon aligned with the integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the budget of the municipality.

## 4. FUNCTIONS OF THE COMMITTEE

The Government: Municipal Planning and Performance Regulation, 2001 section 14(4)

A Performance Audit Committee must:-

Review the quarterly reports submitted to it in terms of sub-regulation (1) (c ) (ii);

Review the municipality's performance management system and make recommendation in this regard to the council of that municipality; and

At least twice during a financial year submit an audit report to the municipal council concerned.

## 5. ACTIVITIES OF THE COMMITTEE

### 5.1. MEETINGS

The legislation required that the Committee meet four times a year. The Committee has integrated its activities with the Audit Charter of the Municipality and meetings were held on the under-mentioned dates:

01 July 2009

29 October 2009

03 November 2009

09 November 2009

18 January 2010

23 April 2010

09 July 2010

5.2. **OBSERVATIONS**

The PMS was successfully implemented in the year under review.

The Performance Management Framework Policy was officially reviewed and adopted by Council.

All heads of Departments had signed and concluded their Performance Agreements and Plans

Performance review did involve the participation of ward committees during the annual/mid-year report and the approval of the Performance Policy Framework and Organizational Scorecard.

The Performance Evaluation Committees were approved by Council.

5.3. **EVALUATION OF PERFORMANCE**

The evaluation of performances highlighted in a number of instances, that the non-achievement of annual targets were caused mainly as a result of the under-mentioned factors: i.e.

**i) Lack of skilled/semi-skilled staff**

This seems to be an ongoing problem as the Municipality apparently is unable to attract competent people because of the salaries offered.

There is no easy solution to this problem however, as salaries are based on proper job evaluations and is also subjected to negotiations between various Labour Unions and the S.A. Local Govern-ment Association on behalf of Councils.

**ii) Delays caused by the Supply Chain Process**

This seems to be an ongoing problem as well despite efforts from the officials to speed up the process. One of the difficulties that is frequently highlighted in this regard, is the scheduling of meetings to attend to matters, simply because of the unavailability of members of the relevant Committee.

In an attempt to overcome this problem a number of different officials have been identified to act as Chairperson of the Committee, and it is trusted that the process will be dealt with quicker in future.

**iii) External factors**

External factors over which the Municipality has no control, such as weather conditions and Government and other grant funding.

**Weather conditions**

Rain has caused delays in the completion of a number of projects, which obviously is outside the control of the Local Authority.

**Grant Funding**

Projects based on Grant Funding is usually being budgeted for on the assumption that the required funding will be available timeously for the execution of projects.

This is however not always the case and subsequent delays came about and the set objectives are not met timeously.

5.4. **GENERAL**

One of the problems experienced by the Committee is the attendance of its meetings by Heads of Departments thus complicated matters as no immediate explanations are available on queries raised by Committee members.

A letter in this regard has been addressed to the Municipal Manager but at the time of compiling this report, this problem has not as yet been rectified.

**Recommendation**

It is suggested that when Managers are not available for meetings of the Performance Audit Committee, they ensure that a competent person from their departments are instructed to attend.

This arrangement will ensure continuity and will also prevent unnecessary time wastage.

**CONCLUSION**

In conclusion, the activities undertaken to date were in line with the legislative imperatives imposed on the PAC. Reviews of reports as well as the Municipality's performance were assessed in the most objective way. The PAC extends their sincere thanks and appreciation to the Municipal Manager, the Internal Audit Section and the Heads of Departments for their co-operation.

.....
**Mr TP Kunene**
**Chairperson**
**Performance Audit Committee**

30/09/2011
.....
**Date**

# AUDIT COMMITTEE REPORT
# ANNEXURE C

# ANNUAL AUDIT COMMITTEE REPORT 2010/11

***Annual Report of the Audit Committee***

The Audit Committee is pleased to present its annual report for the financial year ended 30th June 2011.

***Audit committee members and attendance***

Mr Pat Kean, appointed to the Committee on 11th February 2010, sadly passed away in January 2011. For the remainder of the financial year the Audit Committee comprised only two members, Mrs Evelyn de Franca Smith and Mr G. Gard.

Mrs Evelyn de Franca Smith has served for six years and is therefore no longer eligible to serve as a committee member. The Council has seconded two members of the Performance Audit Committee to the Audit Committee until two permanent members are appointed. Sincere thanks are extended to Mrs de Franca Smith for the excellent contribution she made throughout her six years of service.

| ***Committee member*** | ***Meetings Potential*** | ***Meetings Attended*** |
|---|---|---|
| Mrs E de Franca Smith | 10 | 10 |
| Mr G.C.H. Gard | 10 | 10 |
| Mr P. Kean | 6 | 3 |

***LEGISLATIVE MANDATE***

The MFMA No. 56 of 2003 section 166 requires from the Audit Committee amongst other matters:-To advise the Municipal Council, Political office bearers, the Accounting officer and management staff on matters relating to:-

- Performance management and evaluation.
- Internal financial control and internal audit
- Risk management.
- Accounting policies.
- The adequacy, reliability and accuracy of financial reporting and information.
- Effective governance.
- Compliance with MFMA, DORA and other applicable legislation.

**AUDIT COMMITTEE AND MANAGEMENT RESPONSE**

1. PERFORMANCE MANAGEMENT AND EVALUATION

A separate Audit Performance Committee deals with all matters of performance and evaluation. The exclusion of this function from the responsibilities of the Audit Committee is reflected in the Audit Committee Charter.

2. ADVISING OF COUNCIL OFFICERS

The Municipal Council, political office bearers and the Accounting officer are advised on the above matters by means of a report issued by the Audit Committee each

quarter to Council members. The report covers activities and findings, areas of concern and recommendations of the Audit committee.

3. ADVISING OF MUNICIPAL STAFF

The Audit Committee meet each month with Municipal management.
Reports are submitted by or requested from managers, all of which are thoroughly examined and progressed at these regular meetings.

4. INTERNAL AUDITS

A key requirement of the audit committee is a strong internal audit function. On 1st September 2010 Mrs S. Mahraj was appointed Chief Internal Auditor. Additional staffs were recruited during the financial year. These appointments have strengthened the Internal Audit function.

Meetings are held each month between the Audit committee and the Chief Internal Auditor to work through the detailed internal audit file, as recommended by the Auditor General.

5. RISK MANAGEMENT

The top 10 risk priorities of the Municipality have been identified and well set out by the risk manager as requested by the Audit Committee.

Progress of each will be maintained during the coming year. In addition all managers have identified their departmental top ten priority risks which are progressed by the Risk Committee.

6. FINANCIAL REPORTING AND INFORMATION

*A 'Clean Audit' annual audit report*

A dominant objective of the Municipality is to obtain a 'Clean Audit' external annual report. Key controls required to achieve this objective include the monthly reconciliation of:- Assets; Investment properties; Debtor classification; Electricity losses; Performance information to financial information.

*Review of annual financial statements*

The financial department again produced annual financial statements early, enabling audit committee members to have their input included, and prior to submission of the statements to the Auditor General.

*Half yearly and quarterly financial accounts*

Production of accurate quarterly accounts is an indispensable financial tool to exercise greater financial control over the municipality.

Excellent progress was made during the year by the CFO and financial accounting staff when accounts were produced for the half year to 31st December

for the first time. This major step forward clears the way towards future production of quarterly financial accounts, followed finally by monthly accounts.

## 7. TOP TEN TURNAROUND TASKS

The Municipality has identified their top ten turnaround tasks. The Audit Committee has aligned their priorities to these Top Turnaround Tasks of the Municipality where relevant.

## 8. MFMA - GENERAL

Other MFMA requirements of the Audit Committee are dealt with at their monthly meetings with Municipal management and senior staff.

***Reports of the Auditor General***

The draft final management report of the Auditor General 2010/11 contains a wealth of comments and recommendations of prime importance to Municipality management. In particular, internal control deficiencies are noted as a major problem and are highlighted in detail, together with recommendations to correct them.

Management needs to respond as a matter of urgency to the rectification of each matter raised by the Auditor General. All corrections to be investigated and signed off by the Chief Internal Auditor before presentation to the Audit Committee.

Attention must be focused on correcting the internal control deficiencies for each fault. The 'Dashboard report on drivers of internal control' included with the report, details the internal control drivers and their progress.

In addition to correcting each fault noted by the Auditor General it is imperative that each *'error of principle'* which gave rise to the fault, is examined and corrected, to avoid repetition of similar faults in future years.

The two comments raised, relate to 'Performance' and 'Information Technology (IT)'. Management must focus on the rectification of these problems during the current year, if an improved audit report is to be expected for 2011/12.

The Audit Committee has reviewed the Draft annual management report of the Auditor General and concurs with its conclusions.

***Evaluation of the Annual Financial Statements***

The Audit Committee recommends that the 2010/11 annual financial statements should be accepted together with the report of the Auditor General.

***Audit Committee responsibilities***

The Audit Committee reports that it has complied with its responsibilities as far as practically possible, arising from Section 166 (2) of the MFMA No 56 of 2003.

***Audit Committee Charter***

The Audit Committee has reviewed its Audit Charter for the year. It confirms that it has performed it's responsibilities during the financial year 2010/11 in line with the terms of the Audit Committee Charter.

.....

G.C.H. Gard - Chartered Accountant
Chairperson - Audit Committee.

# ANNUAL FINANCIAL STATEMENT

# ANNEXURE D

# Emnambithi / Ladysmith Municipality

## Annual Financial Statements
## 30 June 2011

# Annual Financial Statements

## for

# Emnambithi / Ladysmith Municipality

for the year ended 30 June 2011

| | |
|---|---|
| Province : | Kwazulu-Natal |
| AFS rounding : | R'0 (to the nearest R1) |

## Contact Information:

| | |
|---|---|
| **Name of Municipal Manager :** | Mr N J Mdakane |

| | |
|---|---|
| **Name of Chief Financial Officer :** | Ms A R Ngwenya |
| Contact telephone number : | 036-637 2231 |
| Contact e-mail address : | angwenya@ladysmith.co.za |

| | |
|---|---|
| **Name of contact at Provincial Treasury :** | Mr Carel Venter |
| Contact telephone number : | 033-897 4207 |
| Contact e-mail address : | Carel.Venter@kzntreasury.gov.za |

| | |
|---|---|
| **Name of relevant Auditor :** | Auditor-General |
| Contact telephone number : | 033-264 7400 |
| Contact e-mail address : | hvanzyl@agsa.co.za |

| | |
|---|---|
| **Name of contact at National Treasury :** | Thomas Matjeni |
| Contact telephone number : | 012-315 5792 |
| Contact e-mail address : | thomas.matjeni@treasury.gov.za |

# Emnambithi / Ladysmith Municipality
## ANNUAL FINANCIAL STATEMENTS
30 JUNE 2011

## General Information

### Members of the Council

| | |
|---|---|
| Mr M V Madlala | Mayor |
| Ms S R Mfusi | Deputy Mayor |
| Ms Z B Rasool | Speaker |
| Ms T Hadebe | Member of the Executive Committee |
| Mr P J Hurter | Member of the Executive Committee |
| Mr T P Makhaza | Member of the Executive Committee |
| Mr N M Mbatha | Member of the Executive Committee |
| Mr M N Mlotshwa | Member of the Executive Committee |
| Mr T Msomi | Member of the Executive Committee |
| Mr Z J Sibisi | Member of the Executive Committee |

### Municipal Manager
Mr N J Mdakane

### Chief Financial Officer
Ms A R Ngwenya

### Grading of Local Authority
Grade 4

### Auditors
Auditor-General

### Bankers
ABSA - Public Sector Banking

| | |
|---|---|
| Registered Office : | Lister Clarence Building - 221 Murchison Street, Ladysmith |
| Physical Address : | Lister Clarence Building<br>Murchison Street<br>Ladysmith<br>3370 |
| Postal Address : | P O Box 29<br>Ladysmith<br>3370 |
| Telephone number : | 036 -637 2231 |
| Fax number : | 036 - 631 1400 |
| E-mail address : | mm@ladysmith.co.za |

# EMNAMBITHI / LADYSMITH MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS

## for the year ended

## 30 June 2011

### Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 49, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

NJ Mdakane
Municipal Manager

Date

EMNAMBITHI / LADYSMITH MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

## INDEX


| | Page |
|---|---|
| Statement of Financial Position | 1 |
| Statement of Financial Performance | 2 |
| Statement in Changes in Net Assets | 3 |
| Cash Flow Statement | 4 |
| Accounting Policies | 5 |
| Notes to the Annual Financial Statements | 22 |
| Appendix A : Schedule of External Loans | 45 |
| Appendix B : Analysis of Property, Plant and Equipment | 46 |
| Appendix C : Segmental Analysis of Property, Plant and Equipment | 47 |
| Appendix D : Segmental Statement of Financial Performance | 48 |
| Appendix E : Statement of Comparative and Actual Information | 49 |

EMNAMBITHI / LADYSMITH MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

| | Note | 2011 R | 2010 R |
|---|---|---|---|
| **NET ASSETS AND LIABILITIES** | | | |
| **Net Assets** | | 723,689,650 | 712,390,793 |
| Housing Development Fund | 1 | 22,792,258 | 20,333,587 |
| Accumulated Surplus/(Deficit) | | 700,897,392 | 692,057,206 |
| **Non-Current Liabilities** | | 44,361,732 | 42,434,515 |
| Long-Term Borrowings | 2 | 6,600,283 | 5,589,048 |
| Finance Lease Obligation | 2 | 73,200 | 72,555 |
| Retirement Benefit Obligations | 5 | 37,688,249 | 36,772,912 |
| **Current Liabilities** | | 128,888,515 | 141,338,994 |
| Consumer Deposits | 3 | 7,464,953 | 7,221,134 |
| Provisions | 4 | 5,648,700 | 4,605,700 |
| Trade and Other Payables from Exchange Transactions | 6 | 63,303,231 | 69,825,130 |
| Unspent Conditional Grants and Receipts | 7 | 51,113,614 | 48,533,223 |
| VAT Payable | 8 | - | - |
| Current Portion of Finance Lease Obligation | 2 | 74,246 | 73,592 |
| Current Portion of Borrowings | 2 | 1,283,771 | 11,080,215 |
| ***Total Net Assets and Liabilities*** | | 896,939,896 | 896,164,302 |
| **ASSETS** | | | |
| **Non-Current Assets** | | 686,743,150 | 701,979,579 |
| Property, Plant and Equipment | 9 | 632,284,503 | 647,265,814 |
| Intangible Assets | 10 | 182,096 | 358,132 |
| Investment Properties | 11 | 54,085,000 | 54,019,000 |
| Investments | 12 | - | - |
| Non-Current Receivables | 13 | 191,551 | 336,633 |
| **Current Assets** | | 210,196,746 | 194,184,723 |
| Inventories | 14 | 8,908,948 | 13,158,213 |
| Trade and Other Receivables from Exchange Transactions | 15 | 34,311,736 | 34,723,213 |
| Other Receivables from Non-Exchange Transactions | 16 | 27,371,356 | 17,107,817 |
| VAT Receivable | 8 | 723,563 | 750,396 |
| Current Portion of Receivables | 13 | 33,803 | 59,406 |
| Short-Term Investments | 12 | 53,955,064 | 30,654,903 |
| Call Investment Deposits | 17 | 82,997,183 | 83,567,369 |
| Cash and Cash Equivalents | 18 | 1,895,093 | 14,163,407 |
| ***Total Assets*** | | 896,939,896 | 896,164,302 |

# STATEMENT OF FINANCIAL PERFORMANCE
## FOR THE YEAR ENDED 30 JUNE 2011

| Budget 2010 R | Budget 2011 R | | Note | Actual 2011 R | Actual 2010 R |
|---|---|---|---|---|---|
| | | **REVENUE** | | | |
| 94,347,229 | 101,693,222 | Property Rates | | 101,693,924 | 94,347,228 |
| 8,569,719 | 9,547,236 | Property Rates – Penalties imposed and Collection Charges | 19 | 9,234,879 | 8,569,719 |
| 147,444,481 | 174,442,536 | Service Charges | | 175,021,924 | 146,687,428 |
| 3,294,990 | 4,728,736 | Interest Earned – External Investments | 20 | 5,269,047 | 3,949,893 |
| 1,514,832 | 2,200,405 | Interest Earned – Outstanding Debtors | | 1,078,141 | 1,514,831 |
| 4,144,286 | 5,760,838 | Fines | | 4,363,734 | 4,144,136 |
| 4,994,169 | 6,384,759 | Licences and Permits | | 6,184,630 | 4,994,170 |
| 81,217,608 | 105,060,721 | Government Grants and Subsidies | | 145,330,120 | 110,723,601 |
| – | – | Government Grants and Subsidies – Low Cost Housing | 21 | 19,807,143 | 26,947,804 |
| 13,161,878 | 56,434,309 | Other Income | 21 | 22,947,539 | 16,539,165 |
| – | – | Profit on Fair Value Adjustment – Investment Property | 33 | 66,000 | – |
| – | – | Public Contributions, Donated Property, Plant and Equipment | 11 | – | 437,126 |
| 2,932,747 | – | Gains on Disposal of Property, Plant and Equipment | | – | |
| 361,621,939 | 466,252,759 | **Total Revenue** | | 490,997,081 | 418,855,102 |
| | | **EXPENSES** | | | |
| 94,662,408 | 110,578,418 | Employee Related Costs | | 114,977,312 | 98,409,984 |
| 12,610,883 | 14,034,013 | Remuneration of Councillors | 22 | 11,080,382 | 10,589,942 |
| 10,315,158 | 11,037,230 | Bad Debts | 23 | 2,486,128 | 8,362,324 |
| 12,903,584 | 21,264,980 | Indigency | | 12,405,955 | 26,358,728 |
| 13,340,029 | 67,693,163 | Depreciation | | 75,273,538 | 59,098,539 |
| 32,577,821 | 32,750,015 | Repairs and Maintenance | | 27,656,336 | 25,916,790 |
| 2,213,927 | 408,000 | Finance Costs | | 1,782,728 | 1,719,871 |
| 88,247,289 | 116,000,000 | Bulk Purchases | 24 | 113,539,623 | 88,247,288 |
| 5,678,184 | 5,547,614 | Grants / Subsidies and Rebates Paid | 25 | 5,147,362 | 5,678,184 |
| – | – | Grant Expenses | 26 | 11,274,037 | 4,326,565 |
| – | – | Grants Expenses – Low Cost Housing | | 19,807,143 | 26,947,804 |
| 60,539,745 | 128,122,458 | General Expenses | | 81,552,152 | 60,450,468 |
| – | – | Impairment of Assets | 27 | – | 964,228 |
| – | – | Impairment on Inventory – Land Held For Sale | | 1,562,500 | – |
| – | – | Loss on Disposal of Property, Plant and Equipment | | 5,081,964 | 173,684 |
| 333,089,028 | 508,035,891 | **Total Expenses** | | 483,627,110 | 417,244,401 |
| 28,532,911 | -41,783,132 | **SURPLUS/(DEFICIT) FOR THE YEAR** | | 7,369,971 | 1,610,701 |

# EMNAMBITHI / LADYSMITH MUNICIPALITY
## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

| | Note | Housing Development Fund | Accumulated Surplus/ (Deficit) | Net Assets |
|---|---|---|---|---|
| 2009 | | R | R | R |
| Balance at 1 July 2008 as restated | | 13,974,883 | 662,895,409 | 676,870,292 |
| Surplus/(Deficit) for the year | | - | 21,589,594 | 21,589,594 |
| Prior Year Adjustments | | - | -13,501 | -13,501 |
| Correction of Error - PPE not Disclosed | | - | 5,342,247 | 5,342,247 |
| Transfer to Housing Development Fund | 29 | 3,458,008 | - | 3,458,008 |
| Balance at 30 June 2009 | | 17,432,891 | 689,813,748 | 707,246,639 |
| 2010 | | | | |
| Balance at 1 July 2009 | | 17,432,891 | 689,813,748 | 707,246,639 |
| Surplus/(Deficit) for the year | | - | 1,610,701 | 1,610,701 |
| Prior Year Adjustments | | - | 632,756 | 632,756 |
| Transfer to Housing Development Fund | | 2,900,696 | - | 2,900,696 |
| Balance at 30 June 2010 | | 20,333,587 | 692,057,206 | 712,390,793 |
| 2011 | | | | |
| Balance at 1 July 2010 | | 20,333,587 | 692,057,206 | 712,390,793 |
| Surplus /(Deficit) for the period | | - | 7,369,971 | 7,369,971 |
| Prior Year Adjustment : Correction of Error-Reversal of Interest Raised on Trade Receivables | 29 | - | -5,545,050 | -5,545,050 |
| Prior Year Adjustment : Unidentified Bank Deposits up to 30 June 2010 | | - | 4,684,294 | 4,684,294 |
| Prior Year Adjustment : Unclaimed Payments to Employees / Creditors | | - | 21,249 | 21,249 |
| Other Transfers to Internal Funds | | - | 790,459 | 790,459 |
| Transfer to Self-Insurance Fund | | - | 1,519,263 | 1,519,263 |
| Transfer to Housing Development Fund | | 2,458,671 | - | 2,458,671 |
| Balance at 30 June 2011 | | 22,792,257 | 700,897,392 | 723,689,649 |

# EMNAMBITHI / LADYSMITH MUNICIPALITY
## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

| | Note | 2011<br>R | 2010<br>R |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Cash receipts from ratepayers, government and other | | 472,890,111 | 433,205,645 |
| Cash paid to suppliers and employees | | -393,432,844 | -348,649,384 |
| Cash generated from/(utilised in) operations | 28 | 79,457,267 | 84,556,262 |
| Interest received | | 6,347,188 | 5,464,724 |
| Interest paid | | -1,782,728 | -1,719,871 |
| **NET CASH FROM OPERATING ACTIVITIES** | | 84,021,727 | 88,301,115 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | -64,654,975 | -59,244,640 |
| Purchase of intangible assets | | -121,182 | - |
| Proceeds on sale of assets | | - | 263,442 |
| **NET CASH FROM INVESTING ACTIVITIES** | | -64,776,156 | -58,981,198 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| New loans raised/(repaid) | | -8,785,209 | -1,542,614 |
| Finance lease raised/(repaid) | | 1,299 | -816,045 |
| **NET CASH FROM FINANCING ACTIVITIES** | | -8,783,910 | -2,358,659 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | 10,461,661 | 26,961,258 |
| Cash and cash equivalents at the beginning of the year | | 128,385,678 | 101,424,420 |
| - Short-Term Investments | | 30,654,903 | - |
| - Call Investment Deposits | | 83,567,369 | 81,886,852 |
| - Cash and cash equivalents | | 14,163,407 | 19,537,568 |
| Cash and cash equivalents at the end of the year | | 138,847,340 | 128,385,678 |
| - Short-Term Investments | 12 | 53,955,064 | 30,654,903 |
| - Call Investment Deposits | 17 | 82,997,183 | 83,567,369 |
| - Cash and cash equivalents | 18 | 1,895,093 | 14,163,407 |

## 1. BASIS OF PREPARATION

### 1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principle accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

### 1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

### 1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

### 1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

1.4 COMPARATIVE INFORMATION (Continued)

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

2. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

3. INTERNAL RESERVES

3.1 Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (excess payments). Premiums are charged to the respective services taking into account claims history and replacement values of the insured assets. The balance of the self-insurance fund is ringfenced within the accumulated surplus/(deficit).

The Council determines annually the amount to contribute to the Self Insurance Reserve.

Claims not fully covered by external insurance are financed from the insurance reserve by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

3.1 Self insurance reserve (Continued)

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

The balance of the self-insurance fund is fully cash backed and is invested in a separate call account.

## 4. PROPERTY, PLANT AND EQUIPMENT

### 4.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

4.1 INITIAL RECOGNITION (Continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

4.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated as it is deemed to have an indefinite useful life.

The annual depreciation rates are based on the following estimated average asset lives:-

4.3 DEPRECIATION AND IMPAIRMENT (Continued)

| DETAILS | YEARS | DETAILS | YEARS |
|---|---|---|---|
| | | | |
| *Infrastructure* | | *Other* | |
| Roads and Paving | 5 - 100 | Buildings | 10 - 50 |
| Pedestrian Malls | 20 | Specialised Vehicles | 3 - 20 |
| Electricity | 10 - 50 | Other Vehicles | 3 - 20 |
| Water | 10 -100 | Office Equipment | 5 - 7 |
| Sanitation | 10 - 100 | Furniture and Fittings | 10 |
| Housing | 30 | Watercraft | 15 |
| Stormwater | 25 - 120 | Bins and Containers | 5 - 10 |
| *Community* | | Specialised Plant and Equipment | 5 - 15 |
| Buildings | 10 - 50 | Other Items of Plant and Equipment | 5 - 15 |
| Recreational Facilities | 10 - 100 | Landfill sites | 15 |
| Security | 3 -5 | | |
| | | | |

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 5. INVESTMENT PROPERTY

Investment property is property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

### 5.1 Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

## 6. INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

6. INTANGIBLE ASSETS (Continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|---|---|
| Servitudes | indefinite |
| Software | 3 years |

## 7. INVENTORIES

### 7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### 7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.
In general, the basis of allocating cost to inventory items is the weighted average method.

## 8. FINANCIAL INSTRUMENTS

### 8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

### 8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale.

Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### 8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### 8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

### 8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

### 8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of four months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

## 9. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 10. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 11. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 12. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

12. PROVISIONS (Continued)

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

13. LEASES

13.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

13.1 MUNICIPALITY AS LESSEE (Continued)

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

## 14. REVENUE

### 14.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

14.1 REVENUE FROM EXCHANGE TRANSACTIONS (Continued)

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, the revenue is recognized as unspent grants.

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS (Continued)

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

14.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

15. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## 16. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**Other post-employment benefit obligations**

The municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. This benefit has since been restricted to persons 50 years and older of age as at 1 July 2005. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The expected costs of these benefits will be accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising and changes in actuarial assumptions, are charged or credited to income over the expected average remaining working lives of the relevant employees.

| | 2011 R | 2010 R |
|---|---|---|
| **1. HOUSING DEVELOPMENT FUND** | | |
| Housing Development Fund | 22,792,258 | 20,333,587 |
| Unappropriated Surplus/(Deficit) | (24,332,244) | (26,790,915) |
| Loans extinguished by Government on 1 April 1998 | 47,124,502 | 47,124,502 |
| The Housing Development Fund is represented by the following assets and liabilities | | |
| Property, plant and equipment | - | - |
| Housing selling scheme loans | (2,283,869) | (2,108,213) |
| Housing rental debtors | - | - |
| Bank and cash | 25,076,127 | 22,441,800 |
| Sub-total | 22,792,258 | 20,333,587 |
| Creditors | - | - |
| Total Housing Development Fund Assets and Liabilities | 22,792,258 | 20,333,587 |
| **2. NON-CURRENT LIABILITIES** | | |
| *2.1 External Loans (Borrowings)* | | |
| Loans | 7,884,054 | 16,669,160 |
| Receiver of Revenue - Housing Debtors | 0 | 103 |
| | 7,884,054 | 16,669,263 |
| Less : Current portion transferred to current liabilities | (1,283,771) | (11,080,215) |
| - Borrowings | (1,283,771) | (11,080,215) |
| Total Borrowings | 6,600,283 | 5,589,048 |

Refer to Appendix A for more detail on long-term liabilities.

The Municipality redeemed its First National Bank Loan in full on 30 November 2010 .

*2.2 Finance Lease Obligations*

| | | |
|---|---|---|
| Minimum lease payments due | | |
| - within one year | 109,491 | 88,417 |
| - in second to fifth year inclusive | 64,528 | 78,757 |
| - later than five years | - | - |
| | 174,018 | 167,174 |
| Less : Future finance charges | (26,572) | (21,026) |
| Present value of minimum lease payments | 147,446 | 146,147 |
| Present value of minimum lease payments due | | |
| - within one year | 74,246 | 73,592 |
| - in second to fifth year inclusive | 73,200 | 72,555 |
| - later than five years | - | - |
| | 147,446 | 146,147 |
| Non-current liabilities | 73,200 | 72,555 |
| Current liabilities | 74,246 | 73,592 |

It is the Municipality's policy to lease certain equipment under finance leases. The average lease term was 5 years and the average effective borrowing rate was 11.86% (2010 : 11.86%).
Interest rates are fixed at the contract date. All leases have fixed repayments, except for two that have a 15% and 10% escalation, and no arrangements have been entered into for contingent rent.

| | 2011 R | 2010 R |
|---|---|---|

## 3. CONSUMER DEPOSITS

| | | |
|---|---|---|
| Electricity | 7,464,953 | 7,221,134 |
| Total Consumer Deposits | 7,464,953 | 7,221,134 |
| Interest is not paid on Consumer Deposits | | |
| Guarantees held in lieu of Electricity Deposits | 2,656,020 | 2,657,122 |

## 4. PROVISIONS

Environmental Rehabilitation : Landfill Site

| | | |
|---|---|---|
| Balance at beginning of year | 4,605,700 | 4,367,000 |
| Contribution to provision | 1,043,000 | 238,700 |
| Total Provision | 5,648,700 | 4,605,700 |

Provision for reclamation of refuse landfill site. In terms of the licencing of the refuse landfill site, council will incur rehabilitation estimation costs of R 5 022 050 (2010 : R 4 605 700) to restore the site at the end of its useful life.

The calculation is based on the total actual area of the landfill site which is in use and unrehabilitated multiplied by the last known actual rehabilitation cost per hectare escalated to current cost.

## 5. RETIREMENT BENEFIT OBLIGATIONS

Post-Retirement Medical Aid Plan

The Municipality provides post-retirement healthcare benefits to certain of its retirees.

The valuation was performed by Independent Actuarial Consultants Pty Ltd (IAC).
Independent Actuarial Consultants Pty Ltd (IAC) is not connected to the Municipality.
The full actuarial valuation report is available on request.

The post retirement medical aid plan consists of the Bonitas, LA Health, Key Health and Samwumed medical aid funds.

The total in-service employees belonging to Medical Schemes as at 30 June 2011 were 27 and the total continuation employees receiving the medical benefit as at 30 June 2011 were 68.

The amounts recognised on the Statement of Financial Position are as follows:

| | | |
|---|---|---|
| Present value of obligations | 37,688,249 | 36,772,912 |
| Fair value of plan assets | - | - |
| Unrecognised Past Service cost | - | - |
| Unrecognised actuarial (gains)/losses | - | - |
| Liability Recognised in Balance Sheet | 37,688,249 | 36,772,912 |

Movement in the Defined Benefit Obligation recognised in the Statement of Financial Position:

| | | |
|---|---|---|
| Previous opening liability | 36,772,912 | 36,368,912 |
| Transitional liability recognised | - | - |
| Current service cost | 1,067,000 | 1,107,000 |
| Interest cost | 3,426,000 | 3,398,000 |
| Actual benefits paid | (1,370,918) | (1,867,000) |
| Actuarial loss / (gain) | (2,206,745) | (2,234,000) |
| Closing Balance | 37,688,249 | 36,772,912 |

The amounts recognised in the income statement are as follows:

| | | |
|---|---|---|
| Current service cost | 1,067,000 | 1,107,000 |
| Interest cost | 3,426,000 | 3,398,000 |
| Actuarial loss / (gain) recognised | (2,206,745) | (2,234,000) |
| Transitional liability recognised | - | - |
| Total included in income statement | 2,286,255 | 2,271,000 |

Principle actuarial assumptions used:

| | | |
|---|---|---|
| Discount rate | 8.60% | 9.30% |
| Health care cost inflation | 7.40% | 7.60% |
| Average retirement age-Males | 63 | 63 |
| Average retirement age-Females | 60 | 60 |
| Continuation of membership at retirement | 90.00% | 90.00% |

| | 2011 R | 2010 R |
|---|---|---|

The effect of a 1% movement in the assumed medical cost trend rate

| | 1% decrease | Base | 1% increase |
|---|---|---|---|
| Current employees | 15,928,534 | 17,712,651 | 19,798,669 |
| Continuation | 18,224,750 | 19,975,599 | 22,025,635 |
| All | 34,153,285 | 37,688,249 | 41,824,304 |

The effect of a 1% movement in the assumed medical cost trend rate on interest and service cost

| | 1% decrease | Base | 1% increase |
|---|---|---|---|
| Current service cost | 966,702 | 1,067,000 | 1,184,370 |
| Interest cost | 3,079,974 | 3,426,000 | 3,830,268 |

Mortality improvements sensitivity

| | Base | PA(90) -2 | PA(90) -3 |
|---|---|---|---|
| Current employees | 17,712,651 | 18,319,699 | 18,930,447 |
| Continuation | 19,975,599 | 20,783,413 | 21,605,786 |
| All | 37,688,249 | 39,103,112 | 40,526,233 |

Continuation Assumption Sensitivity - Current employees not on medical aid

| | 25% | Base (50%) | 75% |
|---|---|---|---|
| Current employees | 13,973,419 | 17,712,651 | 21,451,883 |
| Continuation | 19,975,599 | 19,975,599 | 19,975,599 |
| All | 33,949,017 | 37,688,249 | 41,427,481 |

The Municipality expects to pay R 2.5 million to its post-retirement medical aid plan in 2012.

## 6. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|---|---|---|
| Trade Creditors | 11,477,583 | 8,131,218 |
| Sundry Creditors | 32,288,976 | 35,651,128 |
| Creditors - Operating Leases | 1,898 | 1,898 |
| Unidentified Deposits in Primary Bank Account | 470,359 | 12,079,441 |
| Deposits : Other | 1,660,968 | 1,658,684 |
| Other Creditors | 67,500 | 43,049 |
| Staff Leave | 6,648,558 | 5,832,346 |
| Payments Received in Advance i.r.o. Service Debtors | 10,687,389 | 6,427,367 |
| Total Trade and Other payables from Exchange Transactions | 63,303,231 | 69,825,130 |

Trade Creditors are valued at fair value as creditors are paid 30 days from date of statement.

## 7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

| | | |
|---|---|---|
| Conditional Grants from other Spheres of Government | 51,113,614 | 48,533,223 |
| Municipal Infrastructure Grant (MIG) | - | - |
| Dept of Housing | 27,313,863 | 27,963,588 |
| Financial Management Grant (FMG) | - | - |
| Municipal Systems Improvement Grant (MSIG) | - | - |
| Department of Minerals & Energy (DME) | 2,952,776 | 4,590,452 |
| Integrated National Electricity Programme (INEP) | 6,006,000 | - |
| Neighbourhood Development Programme (NDPG) | 8,729,241 | - |
| Small Town Rehabilitation (STR) | 1,694,449 | 12,064,264 |
| Other Grants | 4,417,286 | 3,914,919 |
| Total Conditional Grants and Receipts | 51,113,614 | 48,533,223 |

## VAT PAYABLE / RECEIVABLE

| | | |
|---|---|---|
| Vat Payable / (Receivable) | (723,563) | (750,396) |

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

## 9. PROPERTY, PLANT AND EQUIPMENT

### 30 JUNE 2011

| Reconciliation of Carrying Value | Infrastructure | Community | Heritage | Other | Land | Leased Assets | Total |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | | R |
| Carrying values at 1 July 2010 | 474,816,938 | 38,626,931 | 15,295,148 | 94,081,587 | 24,322,000 | 123,209 | 647,265,814 |
| Cost | 1,023,003,685 | 125,474,087 | 15,302,512 | 178,901,323 | 24,322,000 | 364,705 | 1,367,368,313 |
| Accumulated Impairment | – | – | – | – | – | – | – |
| Accumulated depreciation | (548,186,747) | (86,847,156) | (7,363) | (84,819,736) | – | (241,496) | (720,102,498) |
| Acquisitions | 10,033,514 | 3,382,921 | – | 11,708,720 | – | – | 25,125,155 |
| Capital under Construction | 29,144,237 | 5,625,752 | – | 4,759,831 | – | – | 39,529,819 |
| Depreciation | (42,970,474) | (14,566,419) | (3,637) | (17,384,460) | – | (51,330) | (74,976,321) |
| Impairment | – | – | – | – | – | – | – |
| Carrying value of disposals | – | – | – | (4,659,964) | – | – | (4,659,964) |
| Cost/revaluation | – | – | – | (7,105,600) | – | – | (7,105,600) |
| Accumulated depreciation | – | – | – | 2,445,636 | – | – | 2,445,636 |
| Carrying values at 30 June 2011 | 471,024,215 | 33,069,185 | 15,291,511 | 88,505,713 | 24,322,000 | 71,879 | 632,284,503 |
| Cost | 1,062,181,436 | 134,482,760 | 15,302,512 | 188,264,274 | 24,322,000 | 364,705 | 1,424,917,687 |
| Accumulated depreciation | (591,157,221) | (101,413,575) | (11,001) | (99,758,560) | – | (292,826) | (792,633,183) |

### 30 June 2010

| Reconciliation of Carrying Value | Infrastructure | Community | Heritage | Other | Land | Leased Assets | Total |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | | R |
| Carrying values at 1 July 2009 | 486,426,595 | 36,213,510 | 15,345,184 | 80,003,345 | 24,322,000 | 196,150 | 642,506,785 |
| Cost | 992,006,776 | 116,829,408 | 15,346,262 | 153,290,103 | 24,322,000 | 364,705 | 1,302,159,254 |
| Accumulated Impairment | – | – | – | – | – | – | – |
| Accumulated depreciation | (505,580,181) | (80,615,898) | (1,077) | (73,286,758) | – | (168,555) | (659,652,469) |
| Acquisitions | 7,204,123 | 7,340,679 | 6,250 | 16,024,563 | – | – | 30,575,615 |
| Capital under Construction | 24,154,615 | 1,304,000 | – | 3,458,021 | – | – | 28,916,636 |
| Depreciation | (42,606,566) | (6,231,258) | (6,286) | (9,946,578) | – | (72,941) | (58,863,629) |
| Impairment | (361,828) | – | – | (602,400) | – | – | (964,228) |
| Carrying value of disposals | – | – | – | (247,611) | – | – | (247,611) |
| Cost/revaluation | – | – | – | (247,611) | – | – | (247,611) |
| Accumulated depreciation | – | – | – | – | – | – | – |
| Carrying values at 30 June 2010 | 474,816,938 | 38,626,931 | 15,295,148 | 94,081,587 | 24,322,000 | 123,209 | 647,265,814 |
| Cost | 1,023,003,685 | 125,474,087 | 15,302,512 | 178,901,323 | 24,322,000 | 364,705 | 1,367,368,313 |
| Accumulated depreciation | (548,186,747) | (86,847,156) | (7,363) | (84,819,736) | – | (241,496) | (720,102,498) |

Refer to Appendix B for more detail on property, plant and equipment.

**Infrastructure Assets**

Physical verification and valuation
- New infrastructure assets were physically verified during the 2010/2011 financial year. During this process the asset location, condition and maintenance history was recorded and evaluated.
- During the 2009/2010 financial year, the municipality identified assets relating to the prior year that were not previously disclosed. The municipality has subsequently disclosed these assets by way of a prior year adjustment.
- All assets were verified and condition assessments done during the year.

**Movable Assets**

Physical verification and valuation
- All the movable assets have been physically verified during the year. During this process the asset location, condition, description and custodian was recorded and evaluated.
- During the 2010/2011 financial year, the municipality identified assets relating to the prior year that were not previously disclosed. The municipality has subsequently disclosed these assets by way of a prior year adjustment.
- A 100% verification and condition assessment was done in 2010/2011.

Disclosure of the asset information not disclosed previously.
- Actual values were used where supporting information was available. For the remaining assets the DRC methodology was followed to determine the deemed cost of these assets.
- The opening balance for the take on values of the assets as well as for accumulated depreciation is restated. This adjustment is made directly to accumulated surplus.

| | 2011<br>R | 2010<br>R |
|---|---|---|

10. INTANGIBLE ASSETS

30 June 2011

| | Opening Balance<br>R | Additions<br>R | Disposals<br>R | Transfers<br>R | Total<br>R |
|---|---|---|---|---|---|
| Cost | | | | | |
| Servitudes | 26,623 | - | - | - | 26,623 |
| Computer Software | 800,149 | 121,182 | - | - | 921,331 |
| Total | 826,772 | 121,182 | - | - | 947,954 |
| Accumulated Amortisation | | | | | |
| Servitudes | - | - | - | - | - |
| Computer Software | (468,640) | (297,218) | - | - | (765,858) |
| Total | (468,640) | (297,218) | - | - | (765,858) |
| Carrying Value | 358,132 | (176,036) | - | - | 182,096 |

30 June 2010

| | Opening Balance<br>R | Additions<br>R | Disposals<br>R | Transfers<br>R | Total<br>R |
|---|---|---|---|---|---|
| Cost | | | | | |
| Servitudes | 26,623 | - | - | - | 26,623 |
| Computer Software | 800,149 | - | - | - | 800,149 |
| Total | 826,772 | - | - | - | 826,772 |
| Accumulated Amortisation | | | | | |
| Servitudes | - | - | - | - | - |
| Computer Software | (233,730) | (234,910) | - | - | (468,640) |
| Total | (233,730) | (234,910) | - | - | (468,640) |
| Carrying Value | 593,043 | (234,910) | - | - | 358,132 |

Physical verification and valuation
- All the intangible assets have been verified during the year. During this process the asset location and description was recorded and evaluated.

Intangible assets disclosed relate to servitudes registered by the municipality. The balance of the servitudes are disclosed in Property, Plant and Equipment. It has been the policy of this municipality to capitalise servitudes to projects which are currently disclosed as infrastructure costs.

| | 2011<br>R | 2010<br>R |
|---|---|---|

## 11. INVESTMENT PROPERTIES

30 June 2011

| | Opening Balance<br>R | Additions<br>R | Fair Value Adjustment<br>R | Impairment<br>R | Transfers / Disposals<br>R | Total<br>R |
|---|---|---|---|---|---|---|
| Cost | 54,019,000 | | 66,000 | | - | 54,085,000 |
| Total | 54,019,000 | - | 66,000 | - | - | 54,085,000 |
| Accumulated Depreciation | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Carrying Value | 54,019,000 | - | 66,000 | - | - | 54,085,000 |

30 June 2010

| | Opening Balance<br>R | Additions<br>R | Fair Value Adjustment<br>R | Impairment<br>R | Transfers / Disposals<br>R | Total<br>R |
|---|---|---|---|---|---|---|
| Cost | 54,719,000 | | - | | (700,000) | 54,019,000 |
| Total | 54,719,000 | - | - | - | (700,000) | 54,019,000 |
| Accumulated Depreciation | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Carrying Value | 54,719,000 | - | - | - | (700,000) | 54,019,000 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The fair value of the above properties is R 54 085 000 (2010 : R 54 019 000). Investment properties have been valued in accordance with the new municipal valuation roll which became effective on 1 July 2008 and has been adjusted to take into account current market conditions.

## 2. INVESTMENTS

| | | |
|---|---|---|
| Long-Term Investments | - | - |
| Short-Term Investmens | | |
| - ABSA | - | 25,624,658 |
| - First National Bank | 10,003,090 | - |
| - Investec | 23,690,439 | 5,030,245 |
| - Nedbank | 20,261,534 | - |
| **Total Investments** | 53,955,064 | 30,654,903 |

## NON-CURRENT RECEIVABLES

| | | |
|---|---|---|
| State Housing Selling Schemes | 196,735 | 364,179 |
| Land Sales | - | - |
| Staff Housing Loans | 28,619 | 31,859 |
| Housing Loan Debtors | | |
| | 225,354 | 396,038 |
| Less : Current Portion transferred to current receivables | 33,803 | 59,406 |
| State Housing Selling Schemes | 29,510 | 54,627 |
| Land Sales | - | - |
| Staff Housing Loans | 4,293 | 4,779 |
| Housing Loan Debtors | - | - |
| Total | 191,551 | 336,633 |

| | 2011 R | 2010 R |
|---|---|---|

## 14. INVENTORIES

| | | |
|---|---|---|
| Unsold properties held for resale | 4,666,000 | 6,650,500 |
| Consumable Stores | 4,242,948 | 6,507,713 |
| Total Inventory | 8,908,948 | 13,158,213 |

## 15. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

| As at 30 June 2011 | Gross Balances | Provision for Bad Debts | Net Balance |
|---|---|---|---|
| Service debtors | 93,039,551 | (58,853,721) | 34,185,831 |
| Rates | 69,042,329 | (54,046,638) | 14,995,691 |
| Electricity | 19,515,087 | (2,781,251) | 16,733,835 |
| Refuse | 4,482,135 | (2,025,831) | 2,456,304 |
| Housing Debtors | 1,563,390 | (1,437,485) | 125,905 |
| Total | 94,602,942 | (60,291,206) | 34,311,736 |

| As at 30 June 2010 | | | |
|---|---|---|---|
| Service debtors | 95,101,533 | (60,497,381) | 34,604,152 |
| Rates | 72,596,376 | (55,292,986) | 17,303,390 |
| Electricity | 18,289,501 | (2,560,422) | 15,729,080 |
| Refuse | 4,215,655 | (2,643,973) | 1,571,682 |
| Housing Debtors | 1,478,412 | (1,359,350) | 119,061 |
| Total | 96,579,944 | (61,856,731) | 34,723,213 |

| **Rates : Ageing** | | |
|---|---|---|
| Current (0 - 30 days) | 739,459 | (946,760) |
| 31 - 60 Days | 2,193,108 | 2,752,190 |
| 61 - 90 Days | 1,245,372 | 1,914,709 |
| 91 - 120 Days | 1,202,007 | 1,887,448 |
| 121+ Days | 63,662,383 | 66,988,790 |
| Total | 69,042,329 | 72,596,376 |

| **Electricity : Ageing** | | |
|---|---|---|
| Current (0 - 30 days) | 12,758,197 | 10,759,293 |
| 31 - 60 Days | 1,390,944 | 1,427,150 |
| 61 - 90 Days | 233,577 | 283,558 |
| 91 - 120 Days | 122,995 | 174,656 |
| 121+ Days | 5,010,341 | 5,644,845 |
| Total | 19,516,054 | 18,289,501 |

| **Refuse : Ageing** | | |
|---|---|---|
| Current (0 - 30 days) | 588,100 | 649,429 |
| 31 - 60 Days | 193,022 | 188,237 |
| 61 - 90 Days | 130,740 | 132,760 |
| 91 - 120 Days | 123,670 | 127,146 |
| 121+ Days | 3,446,603 | 3,118,083 |
| Total | 4,482,135 | 4,215,655 |

| | 2011<br>R | 2010<br>R |
|---|---|---|
| **Reconciliation of the doubtful debt provision** | | |
| Balance at beginning of the year | 61,856,731 | 71,441,661 |
| Contributions to provision | 1,146,827 | 8,362,324 |
| Additional provision for impairment | - | - |
| Doubtful debts written off against provision | (2,712,352) | (17,947,254) |
| Reversal of provision | - | - |
| Balance at year end | 60,291,206 | 61,856,731 |

**Trade and other receivables impaired**

As of 30 June 2011, trade and other receivables of R78 954 763 (2010: R 86 117 983) were impaired and provided for.
The amount of the provision was R60 291 206 as of 30 June 2011 (2010: R61 856 731).
The ageing of these receivables is as follows:

| | | |
|---|---|---|
| 31 - 60 Days | 2,408,233 | 3,137,138 |
| 61 - 90 Days | 1,149,584 | 1,674,327 |
| 91 - 120 Days | 1,066,081 | 1,572,493 |
| 121+ Days | 55,667,309 | 55,472,773 |
| | 60,291,206 | 61,856,731 |

The fair value of trade and other receivables approximates their carrying amounts.

## 16. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | | |
|---|---|---|
| Vat Service Debtors | 3,654,728 | 3,410,558 |
| Service Debtors - Conversion Debt | 6,862 | (14,499) |
| Colenso / Nkanyezi Arrears - Debtors | 0 | (172) |
| Colenso / Nkanyezi Availability Charges - Debtors | (0) | (6,030) |
| Legal Fees - Debtors | 2,816,837 | 2,724,224 |
| Credit Control Costs - Debtors | 36,565 | 57,339 |
| Sundry Debtors | 25,652,286 | 14,393,017 |
| | 32,167,278 | 20,564,438 |
| Less : Provision for Impairment | (4,795,922) | (3,456,621) |
| Total Other Debtors | 27,371,356 | 17,107,817 |

| | 2011<br>R | 2010<br>R |
|---|---|---|
| **17. CALL INVESTMENT DEPOSITS** | | |
| The Municipality has the following call investment bank accounts :- | | |
| General Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9207051716<br>Bank statement balance at end of period | 9,813,231 | 213,453 |
| Department of Housing Grants Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9207052314<br>Bank statement balance at end of period | 41,796,537 | 42,129,618 |
| Grant Funds Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9207054081<br>Bank statement balance at end of period | 16,412,104 | 16,598,422 |
| Capital Projects Loan Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9207054502 (Account Closed on 21 September 2010)<br>Bank statement balance at end of period | - | 368,964 |
| Aloe and Bero Tea Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9207054934<br>Bank statement balance at end of period | 264,034 | 129,118 |
| Valuations Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9216278503<br>Bank statement balance at end of period | 3,368,688 | 3,212,863 |
| Thusong Service Centre Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9207055346 (Account Closed on 24 January 2011)<br>Bank statement balance at end of period | - | 2,672 |
| Depreciation Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9216278799<br>Bank statement balance at end of period | 4,174,156 | 15,882,030 |
| Small Town Rehabilitation Grant Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9236394943<br>Bank statement balance at end of period | 2,486,195 | 3,172,556 |
| Ladysmith Black Mambazo Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 236410696<br>Bank statement balance at end of period | 1,698,338 | 1,857,673 |
| Self-Insurance Fund Call Account<br>ABSA Bank - Public Sector Banking<br>Account Number 9251267674<br>Bank statement balance at end of period | 2,983,900 | - |
| Total Call Deposits | 82,997,183 | 83,567,369 |

| | 2011 R | 2010 R |
|---|---|---|

## 18. CASH AND CASH EQUIVALENTS

The Municipality has the following bank account :-

Current Account (Primary Bank Account)

ABSA Bank - Public Sector Banking
Account Number 4071756088

| | | |
|---|---|---|
| Cash book balance at beginning of year | 14,163,407 | 19,537,568 |
| Cash book balance at end of period | 1,895,093 | 14,163,407 |
| Bank statement balance at beginning of year | 15,665,461 | 17,032,571 |
| Bank statement balance at end of period | 10,294,546 | 15,665,461 |

## 19. PROPERTY RATES

| | | |
|---|---|---|
| Actual | | |
| Residential | 51,683,870 | 42,503,357 |
| Commercial | 32,312,993 | 35,235,919 |
| State | 17,697,061 | 16,607,953 |
| Total Assessment Rates | 101,693,924 | 94,347,228 |
| | R'000 | R'000 |
| Valuations | | |
| Residential | 5,447,678 | 5,070,021 |
| Commercial | 2,435,068 | 2,704,254 |
| State | 863,056 | 823,804 |
| Total Property Valuations | 8,745,802 | 8,598,079 |

Valuation on land and buildings is performed every five years. The last valuation came into effect on 1 July 2008. Supplementary valuations are processed on a ad-hoc basis to take into account changes in individual property values due to change in use, alterations, consolidations and subdivisions.

A residential property allocation factor of R0.01170 is applied to residential property valuations to determine assessment rates less R15 000 impermissible valuation allowed. A factor of R0.021 is applied to commercial and industrial with R15 000 impermissible valuation allowed. A factor of R0.0029 and is applied to both Agricultural and Public Service Infrastructure respectively with R15 000 and 30% impermissible allowed respectively and phased in over 3 years, 2011 being the third year. A factor of R0.0486 is applied to vacant land. A factor of R0.0216 is applied to State Domestic with R 15 000 impermissible valuation allowed. A factor of R0.0163 is applied to Ithala owned properties with R 15 000 impermissible valuation allowed. A factor of R 0.0117 is applied to Game Hunting & Eco-Tourism with R15 000 impermissible valuation allowed and phased in over 3 years, 2011 being the third year.

Rates are levied on a monthly basis on property owners with the final date of payment being 30 June 2011 (2010: 30 June 2010). Interest at 18% per annum (2010: 18%) is levied on outstanding rates as well as a 10% (2010: 10%) collection charge two months after final date of payment.

## 0. SERVICE CHARGES

| | | |
|---|---|---|
| Sale of electricity | 162,089,701 | 135,344,927 |
| Refuse removal | 12,932,223 | 11,342,502 |
| Total Service Charges | 175,021,924 | 146,687,428 |

## 1. GOVERNMENT GRANTS AND SUBSIDIES

| | | |
|---|---|---|
| Equitable share | 83,304,153 | 67,439,465 |
| Provincial Health Subsidies | 7,972,756 | 7,147,639 |
| Municipal Infrastructure Grant (MIG) | 22,130,650 | 14,024,593 |
| Dept of Housing | 19,807,143 | 26,947,804 |
| Museum Subsidy | - | 57,000 |
| Financial Management Grant - Interns Salaries | 1,200,000 | 1,952,675 |
| Municipal Systems Improvement Grant | 750,000 | 735,000 |
| Department of Mineral & Energy (DME) | 5,637,676 | 1,083,461 |
| Integrated National Electricity Programme (INEP) | - | - |
| Neighbourhood Development Programme | 9,563,759 | - |
| Small Town Rehabilitation (STR) | 10,369,815 | 10,936,736 |
| Other Grants | 4,401,311 | 7,347,031 |
| Total Government Grant and Subsidies | 165,137,263 | 137,671,405 |

| | 2011 R | 2010 R |
|---|---|---|

*21.1 Equitable Share*

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents and automatic indigents, whose Property Valuation is R 70 000 and less, receive a credit for their Property Rates and their monthly services account.

*21.2 Provincial Health Subsidies*

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | - |
| Current year receipts - included in Health Services Vote | 7,972,756 | 7,147,639 |
| Conditions met - transferred to revenue | (7,972,756) | (7,147,639) |
| Conditions still to be met - transferred to liabilities | - | - |

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 100% of total expenditure incurred. This grant has been used exclusively to fund clinic services and health inspections (included in the Health Services vote in Appendix D). The conditions of the grant have been met.

*21.3 Municipal Infrastructure Grant (MIG)*

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | - |
| Balance overspent at beginning of year (Debtor Raised) | (1,274,660) | (6,699,467) |
| Current year receipts | 14,620,000 | 19,449,400 |
| Conditions met - transferred to revenue (Other) | (22,130,650) | (14,024,593) |
| Funds not yet received - spending in advance (Debtor Raised) | 8,785,310 | 1,274,660 |
| Conditions still to be met - transferred to liabilities | - | - |

This grant was used to construct roads and bridges, sportsfields and streetlighting as part of the upgrading of informal settlement areas (included in the votes in Appendix B). No funds have been withheld.

*21.4 Department of Housing*

| | | |
|---|---|---|
| Balance unspent at beginning of year | 27,963,588 | 38,148,146 |
| Current year receipts | 19,157,418 | 16,763,246 |
| Conditions met - transferred to revenue | (19,807,143) | (26,947,804) |
| Conditions still to be met - transferred to liabilities | 27,313,863 | 27,963,588 |

This grant was used to construct houses as part of the upgrading of informal settlement areas.

*21.5 Museum subsidy*

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | - |
| Current year receipts | - | 57,000 |
| Conditions met - transferred to revenue | - | (57,000) |
| Conditions still to be met - transferred to liabilities | - | - |

This grant was used to subsidise expenses incurred solely for the museums.

*21.6 Financial Management Grant (FMG)*

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | 1,202,675 |
| Current year receipts | 1,200,000 | 750,000 |
| Conditions met - transferred to revenue | (1,200,000) | (1,952,675) |
| Conditions still to be met - transferred to liabilities | - | - |

This grant was used for interns' salaries to advance the implementation of the MFMA, training of officials to meet the minimum competency requirements, and Asset Management.

| | 2011 R | 2010 R |
|---|---|---|

*21.7 Municipal Systems Improvement Grant (MSIG)*

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | - |
| Current year receipts | 750,000 | 735,000 |
| Conditions met - transferred to revenue | (750,000) | (735,000) |
| Conditions still to be met - transferred to liabilities | - | - |

This grant was used for systems to comply with the MPRA and Audit Outcomes i.t.o. GRAP.

*21.8 Department of Minerals and Energy (DME) Grant*

| | | |
|---|---|---|
| Balance unspent at beginning of year | 4,590,452 | 17,913 |
| Current year receipts | 4,000,000 | 5,656,000 |
| Conditions met - transferred to revenue | (5,637,676) | (1,083,461) |
| Conditions still to be met - transferred to liabilities | 2,952,776 | 4,590,452 |

This grant was used for electricity connections to households in various areas.

*21.9 Integrated National Electricity Programme Grant (INEP)*

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | - |
| Current year receipts | 6,006,000 | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities | 6,006,000 | - |

This grant was used for electricity connections to households in various areas.

*21.10 Neighbourhood Development Grant (NDPG)*

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | - |
| Current year receipts | 18,293,000 | - |
| Conditions met - transferred to revenue | (9,563,759) | - |
| Conditions still to be met - transferred to liabilities | 8,729,241 | - |

This grant is used for the upgrading of rural areas in terms of infrastructure development which includes streetlighting, pavements, taxi ranks, bridges, etc.

*21.11 Small Town Rehabilitation Programme Grant (STRP)*

| | | |
|---|---|---|
| Balance unspent at beginning of year | 12,064,264 | - |
| Current year receipts | - | 23,001,000 |
| Conditions met - transferred to revenue | (10,369,815) | (10,936,736) |
| Conditions still to be met - transferred to liabilities | 1,694,449 | 12,064,264 |

This grant was used for the upgrading of the CBD roads, town beautification, sidewalks, parks and informal trader shelters.

*21.12 Other Grants*

| | | |
|---|---|---|
| Balance unspent at beginning of year | 3,914,919 | 3,548,555 |
| Current year receipts | 4,903,678 | 7,258,115 |
| Conditions met - transferred to revenue (Other) | (4,401,311) | (6,891,751) |
| Conditions still to be met - transferred to liabilities | 4,417,286 | 3,914,919 |

*21.13 Changes in levels of government grants*

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

| | 2011 R | 2010 R |
|---|---|---|

## 22. EMPLOYEE RELATED COSTS

| | | |
|---|---|---|
| Employee related costs - Salaries and Allowances | 82,377,660 | 73,231,273 |
| Employee related costs - Contributions for UIF, pensions, medical aids and group life | 17,719,047 | 15,896,474 |
| Travel allowances | 5,233,855 | 4,111,117 |
| Housing benefits and allowances | 627,283 | 681,452 |
| Overtime & standby payments | 6,973,300 | 6,636,908 |
| Performance bonus | 315,922 | 299,962 |
| Job Creation | 15,728,709 | 12,186,594 |
| Less : Employee costs to Property, Plant and Equipment and other expenses | (13,998,464) | (14,633,796) |
| Total Employee Related Costs | 114,977,312 | 98,409,984 |

There were no advances or loans to employees.

*Remuneration of the Municipal Manager*

| | | |
|---|---|---|
| Annual Remuneration | 907,476 | 836,538 |
| Performance Bonus | 117,115 | 97,098 |
| Total | 1,024,591 | 933,636 |

*Remuneration of the Chief Financial Officer*

| | | |
|---|---|---|
| Annual Remuneration | 559,900 | 556,453 |
| Overtime & Standby | - | - |
| Performance Bonus / Annual Bonus | - | 24,590 |
| Housing Benefits and Allowances | - | - |
| Travel Allowance | 173,433 | 70,619 |
| Contributions to UIF, Medical and Pension Funds | - | 84,494 |
| Total | 733,333 | 736,156 |
| | (11 months) | |

*Remuneration of Individual Executive Managers / Managers (HOD's)*

30 June 2011

| | Economic Development (M) | Governance & Transformation (EM) | Electrical Services (EM) |
|---|---|---|---|
| Annual Remuneration | 382,076 | 710,234 | 639,833 |
| Overtime & Standby | 58,419 | - | - |
| Performance/Annual Bonuses | 99,403 | 99,403 | - |
| Housing Benefits and Allowances | - | - | - |
| Travel Allowance | 152,935 | 60,000 | 93,500 |
| Contributions to UIF, Medical and Pension Funds | 78,450 | - | - |
| Contributions to Group Life | - | - | - |
| Total | 771,285 | 869,638 | 733,333 |
| | | | (11 months) |

30 June 2011

| | Corporate Services (M) | Engineering Services (M) | Public Safety (M) |
|---|---|---|---|
| Annual Remuneration | 327,720 | 343,644 | 327,720 |
| Overtime & Standby | 66,855 | 70,103 | 66,855 |
| Performance Bonuses/Annual Bonuses | 27,310 | 28,637 | 27,310 |
| Housing Benefits and Allowances | 5,556 | - | - |
| Travel Allowance | 154,661 | 131,134 | 156,761 |
| Contributions to UIF, Medical and Pension Funds | 114,638 | 87,458 | 114,638 |
| Contributions to Group Life | 5,112 | - | - |
| Total | 701,852 | 660,976 | 693,284 |

| | 2011 R | 2010 R |
|---|---|---|

30 June 2010

| | Economic Development (EM) | Governance & Transformation (EM) | Electrical Services (EM) |
|---|---|---|---|
| Annual Remuneration | 522,452 | 650,024 | 295,012 |
| Overtime & Standby | - | - | - |
| Performance Bonuses/Annual Bonuses | 63,395 | 57,056 | 82,414 |
| Housing Benefits and Allowances | - | - | - |
| Travel Allowance | 164,057 | 60,000 | 60,000 |
| Contributions to UIF, Medical and Pension Funds | 23,515 | - | - |
| Contributions to Group Life | - | - | - |
| Total | 773,419 | 767,080 | 437,426 |

30 June 2010

| | Corporate Services (M) | Engineering Services (M) | Public Safety (M) |
|---|---|---|---|
| Annual Remuneration | 301,752 | 301,752 | 301,752 |
| Overtime & Standby | 67,163 | 67,163 | 67,163 |
| Performance Bonuses/Annual Bonuses | 24,590 | 24,590 | 24,590 |
| Housing Benefits and Allowances | 5,928 | 5,928 | - |
| Travel Allowance | 136,341 | 135,325 | 138,441 |
| Contributions to UIF, Medical and Pension Funds | 102,371 | 75,313 | 102,414 |
| Contributions to Group Life | 4,603 | - | - |
| Total | 642,747 | 610,070 | 634,360 |

## 23. REMUNERATION OF COUNCILLORS

| | | |
|---|---|---|
| Mayor | 623,041 | 593,375 |
| Deputy Mayor | 502,023 | 478,122 |
| Speaker | 502,023 | 478,122 |
| EXCO Committee Members | 1,735,999 | 1,722,459 |
| Councillors | 7,717,246 | 7,317,864 |
| Total Councillors' Remuneration | 11,080,332 | 10,589,942 |

***In-kind Benefits***

The Mayor, Deputy Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor and the Deputy Mayor each have two full-time bodyguards.

| | 2011 R | 2010 R |
|---|---|---|
| **24. FINANCE COSTS** | | |
| Long-term liabilities | 1,725,578 | 1,594,605 |
| Finance Lease Obligations | - | 95,136 |
| Other interest paid | 57,150 | 30,130 |
| Bank overdrafts | - | - |
| Total Interest Paid | 1,782,728 | 1,719,871 |
| **25. BULK PURCHASES** | | |
| Electricity | 113,539,623 | 88,247,288 |
| Total Bulk Purchases | 113,539,623 | 88,247,288 |

| Distribution Losses : Electricity | 2011 Kwh | 2010 Kwh | 2011 R | 2010 R |
|---|---|---|---|---|
| Value of Purchases at Sales Price | 267,632,593 | 261,901,152 | 171,284,860 | 151,902,668 |
| Less : Sales | (244,965,121) | (245,983,086) | (156,777,677) | (142,670,190) |
| Total Losses | 22,667,472 | 15,918,066 | 14,507,182 | 9,232,479 |
| Technical Losses | 13,381,630 | 7,857,035 | 8,564,243 | 4,557,080 |
| Non-Technical Losses | 9,285,842 | 8,061,031 | 5,942,939 | 4,675,398 |
| Total Losses | 22,667,472 | 15,918,066 | 14,507,183 | 9,232,478 |
| Percentage of Total Loss | 8.47% | 6.08% | 8.47% | 6.08% |

| | 2011 R | 2010 R |
|---|---|---|
| **26. GRANTS AND SUBSIDIES PAID** | | |
| Grants paid to students | 148,190 | 74,510 |
| Grants paid to other | - | 6,000 |
| Rates Rebates | 4,999,172 | 5,597,674 |
| Total Grants and Subsidies Paid | 5,147,362 | 5,678,184 |

| | 2011<br>R | 2010<br>R |
|---|---|---|

27. GENERAL EXPENSES

Included in general expenses are the following:

| | | |
|---|---|---|
| Advertising | 1,163,426 | 755,635 |
| Aloe & Berg Tea Project | 265,779 | 88,611 |
| Asset Management | 1,861,358 | 340,802 |
| Audit Fees | 1,470,781 | 1,270,948 |
| Bank Charges | 278,436 | 235,615 |
| Bulk Discounts | 527,596 | 479,954 |
| COID - Workmen's Compensation | 880,142 | 873,273 |
| Commercialisation of Agricultural Projects | 197,555 | 27,608 |
| Conferences & Delegations | 1,194,200 | 995,117 |
| Connections for KWh Meters | 559,274 | 517,683 |
| Co-operative Development | 142,905 | 206,894 |
| Development Plans | 630,298 | 896,538 |
| Disconnections & Reconnections | 621,820 | 573,142 |
| Electricity | 2,592,374 | 2,049,265 |
| Electricity - Streetlighting | 1,849,771 | 1,509,685 |
| Emergency Relief Fund | 267,610 | 39,057 |
| Entertainment Expenses | 143,278 | 85,398 |
| Events / Programmes | 2,124,905 | 2,080,016 |
| Free Basic Alternative Energy | 712,534 | 752,403 |
| Insurance | 2,974,811 | 2,591,728 |
| Landfill Site Provision | 1,043,000 | - |
| Leave Provision | 2,662,512 | 447,515 |
| Legal Expenses | 1,407,314 | 1,406,842 |
| Licence Fees | 404,466 | 258,568 |
| Local Economic Development | 165,030 | 350,545 |
| Materials & Sundries | 1,096,086 | 497,753 |
| Medicines | 170,151 | 132,417 |
| Pauper Burials | 129,385 | 221,969 |
| Performance Management | 888,547 | 238,995 |
| Post Retirement Medical Aid Provision | 2,394,254 | 1,747,565 |
| Postage | 933,973 | 1,010,149 |
| Printing & Stationery | 1,514,919 | 941,252 |
| Project Development | 581,461 | 430,039 |
| Protective Clothing | 630,982 | 266,529 |
| Public Meetings | 180,600 | - |
| Rates | 234,022 | 228,412 |
| Refurbishment - NER Requirements | 5,647,336 | 1,607,952 |
| Rent - Buildings / Offices | 251,678 | - |
| SARS - Skills Development Levy | 1,190,331 | 1,096,210 |
| Security Services | 1,679,118 | 1,220,856 |
| Siyazenzela Project | 2,006,374 | 2,139,710 |
| Software Database | 583,217 | 118,953 |
| Subscriptions & Membership | 743,216 | 434,782 |
| Swimming Pool Costs | 319,832 | 11,434 |
| Tampered Meters | 107,214 | 217,077 |
| Telephone / Cellphone Cost | 3,017,123 | 2,908,239 |
| Third Party Payments | 381,529 | 409,695 |
| Trade Mission | 110,441 | - |
| Training Staff | 1,104,531 | 842,444 |
| Valuation Costs | 171,151 | 303,938 |
| Vehicle / Transport Costs | 21,966,604 | 15,386,281 |
| Ward Committees | 359,214 | 315,758 |
| Water / Sanitation | 2,402,424 | 2,939,002 |
| Youth Development Programme | 485,277 | - |
| Zibambele EPW Pilot Project | 107,697 | - |
| Other | 4,022,294 | 5,950,215 |
| | 81,552,152 | 60,450,468 |

| | 2011 R | 2010 R |
|---|---|---|
| **28. CASH GENERATED BY OPERATIONS** | | |
| Surplus/(Deficit) for the year | 7,369,971 | 1,610,701 |
| Adjustment for:- | | |
| Adjustments in Respect of Previous Years & Appropriations | (2,515,389) | 745,824 |
| Depreciation / Amortisation | 75,273,538 | 59,098,539 |
| Surplus on sale of assets | - | (437,126) |
| Loss on disposal of assets | 5,081,964 | 173,684 |
| Contribution to doubtful debt provision | 2,486,128 | 8,362,324 |
| Contribution to landfill site rehabilitation | 1,043,000 | 238,700 |
| Contribution to retirement benefit obligation | 915,337 | 404,000 |
| Loss on impairment | 1,562,500 | 964,228 |
| Operating surplus before working capital changes: | 91,217,049 | 71,160,876 |
| (Increase)/decrease in inventories | 4,249,265 | (4,801,596) |
| (Increase)/decrease in debtors | (2,074,650) | (11,051,547) |
| (Increase)/decrease in other debtors | (10,263,539) | 8,879,487 |
| (Increase)/decrease in non-current receivables | - | - |
| (Decrease)/increase in unspent conditional grants and receipts | 2,580,392 | 5,615,934 |
| (Decrease)/increase in creditors | (6,521,900) | 5,690,763 |
| (Decrease)/increase in deposits | 243,818 | 944,419 |
| (Increase)/decrease in VAT Receivable | 26,833 | 6,355,383 |
| Cash generated by operations | 79,457,267 | 82,793,719 |

**29. CORRECTION OF ERROR**

**Recognition of Property, Plant & Equipment Additions 2009. Additional Movable Assets that were identified and not disclosed previously**

The comparative amount has been restated as follows in the 2010 Financial Year:

| | |
|---|---|
| Increase in PPE | 5,392,247 |
| Adjusted against Accumulated Surplus | (5,392,247) |
| Net effect on Statement of Financial Position | - |
| Net effect on Accumulated Surplus opening balance | (5,392,247) |

**Derecognition of Property, Plant & Equipment incorrectly disclosed as Heritage Assets already disclosed in Infrastructure Assets**

The comparative amount has been restated as follows in the 2010 Financial Year:

| | |
|---|---|
| Decrease in PPE – Heritage | (50,000) |
| Adjusted against Accumulated Surplus | 50,000 |
| Net effect on Statement of Financial Position | - |
| Net effect on Accumulated Surplus opening balance | 50,000 |

**Correction of Staff Leave Accrual at 30 June 2010**

The comparative amount has been restated as follows in the 2010 Financial Year:

| | |
|---|---|
| Increase in Trade and Other Payables – Staff Leave | 1,762,543 |
| Net effect on Statement of Financial Position | 1,762,543 |
| Increase in General Expenses | 1,762,543 |
| Net effect on surplus/(deficit) for the year | 1,762,543 |
| Net effect on Accumulated Surplus opening balance | 1,762,543 |

| | 2011 R | 2010 R |
|---|---|---|

**Correction of Interest Raised on Debtor Accounts (In Du Plume Interest)**

The correction has been recorded in the 2011 Financial Year.

| | |
|---|---|
| Decrease in Trade and Other Receivables from Exchange Transactions | (5,545,050) |
| Adjusted against Accumulated Surplus | 5,545,050 |
| Net effect on Statement of Financial Position | - |

In Du Plume interest raised on Debtors was reversed and adjusted against Accumulated Surplus as a Prior Year Adjustment. No information was available to split the interest raised into the various financial years. A system journal was processed and reversed all interest raised above the capital debt amount. A total of 116990 entries were processed on the journal to various debtor accounts. It was impractical to split the interest raised per period per capital amount on each debtor account, as capital debt attracts monthly interest of which some accounts have capital debt owing for each month for more than 10 years with interest being raised on each capital amount monthly.

The correction of the errors results in adjustments as follows:

| | |
|---|---|
| **Statement of Financial Position** | |
| **2008/2009 financial year** | |
| PPE | 5,342,247 |
| Accumulated surplus | (5,342,247) |
| | |
| **Statement of Financial Position** | |
| **2009/2010 financial year** | |
| Trade and Other Payables | (1,762,543) |
| Accumulated surplus | 1,762,543 |
| | |
| **Statement of Financial Performance** | |
| **2009/2010 financial year** | |
| General Expenses | 1,762,543 |

## 30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

### 30.1 Unauthorised Expenditure

| | | |
|---|---|---|
| Opening balance | 82,392,830 | - |
| Unauthorised expenditure current year | 18,623,733 | 82,392,830 |
| Approved by council or condoned | (82,392,830) | - |
| Transfer to receivables for recovery - not condoned | - | - |
| Unauthorised expenditure awaiting authorisation | 18,623,733 | 82,392,830 |

Unauthorised expenditure is related to the actual expenditure exceeding budgeted expenditure on the Statement of Financial Performance.

### 30.2 Irregular Expenditure

| | | |
|---|---|---|
| Opening balance | - | - |
| Irregular expenditure current year | 2,869,308 | - |
| Approved by council or condoned | (2,869,308) | - |
| Transfer to receivables for recovery - not condoned | - | - |
| Irregular expenditure awaiting authorisation | - | - |

Irregular expenditure is related to the non-adherence of Supply chain Management procedures.

### 30.3 Fruitless and Wasteful Expenditure

| | | |
|---|---|---|
| Opening balance | 30,130 | - |
| Fruitless and Wasteful expenditure current year | 77,150 | 30,130 |
| Approved by council or condoned | - | |
| Transfer to receivables for recovery - not condoned | - | |
| Fruitless and Wasteful expenditure awaiting authorisation | 107,280 | 30,130 |

Fruitless and Wasteful expenditure is related to expenditure that was made in vain and would have been avoided had reasonable care been exercised.

| | 2011<br>R | 2010<br>R |
|---|---|---|
| **31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT** | | |
| **31.1 Contributions to organised local government** | | |
| Opening balance | - | - |
| Council subscriptions | 731,250 | 409,113 |
| Amount paid - current year | (731,250) | (409,113) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |
| **31.2 Audit Fees** | | |
| Opening balance | - | - |
| Current year audit fee | 1,662,849 | 1,441,044 |
| Amount paid - current year | (1,662,849) | (1,441,044) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |
| **31.3 VAT** | | |
| All VAT returns have been submitted by the due date thoughout the year. | | |
| **31.4 PAYE, SDL and UIF** | | |
| Opening balance | - | - |
| Current year payroll deductions | 16,994,934 | 14,158,481 |
| Amount paid - current year | (16,994,934) | (14,158,481) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |
| **31.5 Pension and Medical Aid Deductions** | | |
| Opening balance | - | - |
| Current year payroll deductions and Council Contributions | 27,630,534 | 25,108,504 |
| Amount paid - current year | (27,630,534) | (25,108,504) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |
| **32. CAPITAL COMMITMENTS** | | |
| **32.1 Commitments in respect of capital expenditure:** | | |
| - Approved but not yet contracted for | | |
| *Infrastructure* | 43,462,000 | 9,386,944 |
| *Community* | - | 767,262 |
| *Heritage* | - | - |
| *Other* | 3,736,000 | 25,020,898 |
| *Housing Development Fund* | - | - |
| *Investment Properties* | - | - |
| - Approved and contracted for | | |
| *Infrastructure* | 24,671,330 | 24,005,056 |
| *Community* | 2,250,000 | 5,632,738 |
| *Heritage* | - | - |
| *Other* | - | 3,546,019 |
| *Housing Development Fund* | - | - |
| *Investment Properties* | - | - |
| Total | 74,119,330 | 68,358,917 |
| This expenditure will be financed from: | | |
| - External Loans | - | - |
| - Government Grants | 61,348,000 | 51,518,000 |
| - Own Resources | 12,771,330 | 16,840,917 |
| | 74,119,330 | 68,358,917 |

| | 2011 R | 2010 R |
|---|---|---|
| **32.2 Operating leases** | | |
| At the reporting date, outstanding commitments under operating leases fall due as follows: | | |
| **Operating leases – as lessee** | | |
| Within one year | 49,658 | 22,312 |
| In the second to fifth year inclusive | - | - |
| After five years | - | - |
| Total | 49,658 | 22,312 |
| *Operating Leases consists of the following:* | | |
| Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years and rentals have an escalation per annum. No contingent rent is payable. | | |
| **Operating leases – as lessor** | | |
| **Minimum lease payments due** | | |
| Within one year | 150,424 | 219,985 |
| In the second to fifth year inclusive | 601,697 | 452,307 |
| After five years | 451,273 | 412,557 |
| Total | 1,203,393 | 1,084,849 |
| *Operating Leases consists of the following:* | | |
| Certain of the municipality's property is held to provide a service to the community to assist with local economic and social development. Lease agreements are cancellable if agreed by both parties. Most leases have an indefinite term. | | |

## 33. OTHER INCOME

Included in other income are the following:

| | | |
|---|---|---|
| Advertising | 222,332 | 33,276 |
| Discounts Received | 207,931 | 210,535 |
| Fees : Brigade Service | 269,386 | 59,255 |
| Fees : Building Plans | 130,401 | 89,252 |
| Fees : Burial | 130,980 | 94,972 |
| Fees : Camping | 93,158 | 99,218 |
| Fees : Hiring | 221,104 | 218,766 |
| Fees : Sewerage Plans | 205,801 | 159,682 |
| Hire : Agra Crescent Hall | 149,729 | 154,339 |
| Hire : Town Hall | 58,073 | 90,900 |
| Legal Fees | 899,121 | 1,289,319 |
| Notice Processing Cost | 276,629 | 319,897 |
| Rates Clearance Certificates | 219,299 | 213,900 |
| Reconnection Fees : Non Payment | 324,209 | 338,583 |
| Refund Skills Development Levy | 641,940 | 297,572 |
| Rental Income – Housing | 335,759 | 308,020 |
| Rental Income – Sundries | 675,102 | 395,912 |
| Revenue - Third Party Payments | 420,182 | 408,221 |
| Sundries | 623,761 | 431,104 |
| Vehicle Income | 16,359,865 | 10,950,813 |
| Other | 482,776 | 375,630 |
| | 22,947,539 | 16,539,165 |

| | 2011 R | 2010 R |
|---|---|---|

## 34. RETIREMENT BENEFIT INFORMATION

**Defined Contribution Plan**

The following are defined contribution plans. These are not treated as defined benefit plans as defined by IAS 19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par.30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

*Natal Joint Municipal Pension Fund (Superannuation)*
The latest interim valuation of the NJMP Superannuation Fund as at 31 March 2010 disclosed that the Fund's financial position has deteriorated from the previous statutory valuation. The DCF (Discounted Cash Flow) method disclosed a deficit of R 213 300 000.
The current surcharge of 7% of pensionable emoluments will remain in place until the deficit is eliminated. It is expected that the surcharge will remain in place for another 6 years after 2010.

*Natal Joint Municipal Pension Fund (Retirement)*
The latest interim valuation of the NJMP Retirement Fund (defined benefit) as at 31 March 2010 disclosed a deficit in the fund on the DCF (Discounted Cash Flow) method of R 243 200 000.
The current surcharge of 17% of pensionable emoluments will remain in place until the deficit is eliminated. It is expected that the surcharge will remain in place for another 5 years after 2010.

*Natal Joint Municipal Provident Fund*
The latest interim actuarial valuation of the NJMP Provident Fund (defined contribution) as at 31 March 2010 disclosed that the market value of assets exceeded the liabilities by R 17 651 000.

## 35. COUNCILLOR'S ARREAR CONSUMER ACCOUNTS

The following Councillors had arrear accounts outstanding for more than 90 days during the 2010/2011 financial year:

Cllr B B Biyela
Cllr M P Dladla
Cllr Z J Dlaedwa
Cllr J E Mthabela
Cllr T E Ndlovu
Cllr V Ramdaas Bachu
Cllr T H Thabede
Cllr A S D Warasally

## 36. RELATED PARTIES

The Municipality has no related parties.

| | 2011 R | 2010 R |
|---|---|---|

37. RISK MANAGEMENT

**Financial Risk Management**
The municipality 's activities exposes it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the municipality's financial performance.

**Liquidity Risk**
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by mantaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.
Cash flow forecasts are prepared and utilised borrowing facilities are monitored.

**Interest Rate Risk**
The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

**Credit risk**
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter - party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Credit guarantee insurance is purchased when deemed appropriate.

EMNAMBITHI / LADYSMITH MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

| EXTERNAL LOANS | | | | Balance at 30 June 2010 | Received | Redeemed or Written Off | Balance at 30 June 2011 |
|---|---|---|---|---|---|---|---|
| | | | | R | R | R | R |
| LONG-TERM LOANS | Interest Rate | Loan Ref. | Redeemable | | | | |
| Absa Bank - Tsakane Electrification | 9.10% | A1 | Feb 2026 | 5,763,504 | - | 174,559 | 5,588,945 |
| F.N.B. - Capital Expenditure | 9.10% | F3 | Feb 2016 | 10,905,656 | - | 10,905,656 | - |
| Absa Bank - Surveillance Cameras | | A2 | June 2013 | - | 3,300,000 | 1,004,892 | 2,295,108 |
| Total Long-Term Loans | | | | 16,669,160 | 3,300,000 | 12,085,106 | 7,884,054 |
| GOVERNMENT LOANS | | | | | | | |
| Receiver of Revenue - Housing Vat Debtors | | | | 103 | - | 103 | 0 |
| Total Government Loans | | | | 103 | - | 103 | 0 |
| TOTAL EXTERNAL LOANS | | | | 16,669,263 | 3,300,000 | 12,085,209 | 7,884,054 |

EMNAMBITHI / LADYSMITH MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

| | Cost | | | | | Accumulated Depreciation | | | | Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Under Construction | Disposals / Write-Off | Closing Balance | Opening Balance | Additions | Disposals / Write-Off | Closing Balance | |
| **Infrastructure** | | | | | | | | | | |
| Electricity | 260,637,959 | 5,408,859 | 5,759,442 | - | 271,806,260 | 95,954,211 | 5,345,224 | - | 101,299,435 | 170,506,825 |
| Roads | 683,815,293 | 2,903,233 | 23,130,074 | - | 709,848,600 | 413,053,971 | 35,122,459 | - | 448,176,430 | 261,672,170 |
| Public Safety | 18,635,781 | - | - | - | 18,635,781 | 8,368,691 | 1,128,947 | - | 9,497,638 | 9,138,143 |
| Solid Waste | 5,537,786 | 1,043,000 | 254,720 | - | 6,835,507 | 218,350 | 218,359 | - | 436,709 | 6,398,798 |
| Stormwater | 54,376,866 | 678,421 | - | - | 55,055,287 | 30,591,524 | 1,155,485 | - | 31,747,009 | 23,308,278 |
| | 1,023,003,685 | 10,033,514 | 29,144,237 | - | 1,062,181,436 | 548,186,747 | 42,970,474 | - | 591,157,221 | 471,024,215 |
| **Community Assets** | | | | | | | | | | |
| Land & Buildings | 81,681,444 | 574,935 | 5,027,730 | - | 87,284,109 | 60,252,977 | 9,917,514 | - | 70,170,491 | 17,113,617 |
| Recreation Facilities | 43,792,643 | 2,807,986 | 598,022 | - | 47,198,652 | 26,594,179 | 4,648,905 | - | 31,243,084 | 15,955,568 |
| | 125,474,087 | 3,382,921 | 5,625,752 | - | 134,482,760 | 86,847,156 | 14,566,419 | - | 101,413,575 | 33,069,185 |
| **Heritage Assets** | | | | | | | | | | |
| Buildings | 15,277,000 | - | - | - | 15,277,000 | - | - | - | - | 15,277,000 |
| Other | 25,512 | - | - | - | 25,512 | 7,363 | 3,637 | - | 11,001 | 14,511 |
| | 15,302,512 | - | - | - | 15,302,512 | 7,363 | 3,637 | - | 11,001 | 15,291,511 |
| **Other Assets** | | | | | | | | | | |
| Land & Buildings | 85,643,896 | 4,539,060 | 4,759,831 | - | 94,942,787 | 64,392,157 | 10,083,386 | - | 74,475,543 | 20,467,244 |
| Office Equipment | 11,828,931 | 821,508 | - | 1,605,772 | 11,044,667 | 3,561,101 | 1,814,023 | 684,831 | 4,690,293 | 6,354,374 |
| Furniture & Fittings | 9,922,264 | 478,598 | - | 1,432,456 | 8,968,406 | 3,224,721 | 1,323,672 | 553,662 | 3,994,732 | 4,973,674 |
| Motor Vehicles | 55,488,364 | 3,914,534 | - | 2,102,518 | 57,300,380 | 9,552,619 | 2,456,995 | 532,674 | 11,476,940 | 45,823,438 |
| Plant & Equipment | 16,017,868 | 1,955,021 | - | 1,964,853 | 16,008,035 | 4,089,137 | 1,706,383 | 674,469 | 5,121,052 | 10,886,983 |
| Other | - | - | - | - | - | - | - | - | - | - |
| | 178,901,323 | 11,708,720 | 4,759,831 | 7,105,600 | 188,264,274 | 84,819,736 | 17,384,460 | 2,445,636 | 99,758,560 | 88,505,713 |
| **Leased Assets** | | | | | | | | | | |
| Office Equipment | 364,705 | - | - | - | 364,705 | 241,496 | 51,330 | - | 292,826 | 71,879 |
| | 364,705 | - | - | - | 364,705 | 241,496 | 51,330 | - | 292,826 | 71,879 |
| **Land Assets** | | | | | | | | | | |
| Land with Buildings | 10,017,000 | - | - | - | 10,017,000 | - | - | - | - | 10,017,000 |
| Vacant Land | 14,305,000 | - | - | - | 14,305,000 | - | - | - | - | 14,305,000 |
| | 24,322,000 | - | - | - | 24,322,000 | - | - | - | - | 24,322,000 |
| **Total** | 1,367,368,313 | 25,125,155 | 39,529,819 | 7,105,600 | 1,424,917,687 | 720,102,498 | 74,976,321 | 2,445,636 | 792,633,183 | 632,284,503 |

EMNAMBITHI / LADYSMITH MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

| | Cost | | | | | Accumulated Depreciation | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Under Construction | Disposals / Write-Off | Closing Balance | Opening Balance | Additions | Disposals / Write-Off | Closing Balance | Carrying Value |
| Admin and Valuation | 11,151,502 | 85,191 | - | 43,045 | 11,193,649 | 6,673,783 | 694,867 | 15,784 | 7,352,866 | 3,840,782 |
| BE Housing / Building Control | 24,721,170 | 134,831 | - | 95,423 | 24,760,578 | 4,935,281 | 513,856 | 11,672 | 5,437,465 | 19,323,113 |
| Clinics | 6,681,529 | 223,871 | - | 1,827,594 | 5,077,806 | 4,250,925 | 442,602 | 742,542 | 3,950,985 | 1,126,821 |
| Community Services | 76,533,346 | 8,008,203 | 5,625,752 | 295,417 | 89,871,884 | 54,830,752 | 5,708,921 | 129,679 | 60,409,994 | 29,461,890 |
| Corporate Services | 8,720,584 | 336,417 | - | 59,452 | 8,997,549 | 1,959,012 | 203,970 | 14,686 | 2,148,296 | 6,849,253 |
| Council General | 904,119 | 248,179 | 4,759,831 | 3,490 | 5,908,638 | 432,563 | 45,038 | 1,023 | 476,578 | 5,432,060 |
| Development & Planning | 14,829,460 | 126,975 | - | 57,241 | 14,899,194 | 3,596,329 | 374,446 | 8,506 | 3,962,270 | 10,936,925 |
| Electricity Service | 266,876,044 | 6,603,314 | 5,759,442 | 1,030,135 | 278,208,666 | 97,660,804 | 10,168,341 | 230,975 | 107,598,171 | 170,610,495 |
| Environmental Hygiene | 10,790,768 | 1,305,391 | 254,720 | 41,652 | 12,309,227 | 1,834,651 | 191,022 | 4,339 | 2,021,333 | 10,287,893 |
| Finance Management and Leadership | 3,915,014 | 69,488 | - | 15,112 | 3,969,391 | 1,090,395 | 113,531 | 2,579 | 1,201,347 | 2,768,044 |
| Fire Brigade | 3,764,250 | 44,814 | - | 14,530 | 3,794,534 | 1,982,329 | 206,398 | 4,688 | 2,184,039 | 1,610,496 |
| Mayoral | 634,512 | 37,420 | - | 2,449 | 669,483 | 170,209 | 17,722 | 403 | 187,529 | 481,954 |
| Municipal Manager | 226,601 | 21,606 | - | 875 | 247,332 | 69,704 | 7,257 | 165 | 76,796 | 170,536 |
| Parks & Gardens | 47,731,169 | 1,448,742 | - | 184,241 | 48,995,671 | 28,585,558 | 2,976,298 | 67,607 | 31,494,249 | 17,501,421 |
| Public Safety | 37,720,490 | 777,501 | - | 145,600 | 38,352,390 | 14,803,642 | 1,541,340 | 35,012 | 16,309,970 | 22,042,420 |
| Public Works | 748,424,391 | 5,653,212 | 23,130,074 | 2,888,899 | 774,318,778 | 449,641,708 | 46,816,225 | 1,063,435 | 495,394,497 | 278,924,280 |
| Real Estate and Housing | 103,743,363 | - | - | 400,447 | 103,342,918 | 47,584,853 | 4,954,485 | 112,542 | 52,426,797 | 50,916,120 |
| TOTAL | 1,367,368,312 | 25,125,155 | 39,529,819 | 7,105,600 | 1,424,917,687 | 720,102,498 | 74,976,321 | 2,445,636 | 792,633,183 | 632,284,503 |

# EMNAMBITHI / LADYSMITH MUNICIPALITY
## APPENDIX D
## SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

| 2010 Actual Income R | 2010 Actual Expenditure R | 2010 Surplus / (Deficit) R | | 2011 Actual Income R | 2011 Actual Expenditure R | 2011 Surplus / (Deficit) R |
|---|---|---|---|---|---|---|
| - | 1,597,404 | -1,597,404 | Municipal Manager | - | 2,713,236 | -2,713,236 |
| 2,648,278 | 22,797,796 | -20,149,518 | Admin and Valuation | 2,467,515 | 34,846,904 | -32,379,389 |
| 225,271,685 | 107,433,396 | 117,838,289 | Council General | 249,148,937 | 97,304,720 | 151,844,218 |
| 297,572 | 2,593,428 | -2,295,856 | Corporate Services | 649,290 | 3,618,219 | -2,968,930 |
| 2,117,227 | 6,285,279 | -4,168,051 | Finance | 2,280,288 | 9,786,998 | -7,506,709 |
| 267,493 | 67,837,546 | -67,570,053 | Public Works | 6,739,151 | 76,120,067 | -69,380,916 |
| 99,854 | 11,777,826 | -11,677,972 | Development & Planning | 167,365 | 10,250,126 | -10,082,761 |
| 7,454,865 | 26,957,711 | -19,502,845 | Admin And Environmental Health | 13,360,650 | 38,370,796 | -25,010,146 |
| 9,451,849 | 22,802,760 | -13,350,912 | Public Safety | 14,158,617 | 27,619,457 | -13,460,840 |
| - | 689,901 | -689,901 | Mechanical Workshop | - | 638,039 | -638,039 |
| 308,020 | 6,826,598 | -6,518,578 | Real Estate and Housing | 330,700 | 12,308,133 | -11,977,432 |
| 26,249,883 | 28,867,827 | -2,617,944 | Environmental Hygiene | 28,601,806 | 28,303,096 | 298,710 |
| 144,688,376 | 134,842,229 | 9,846,147 | Electricity Service | 173,092,761 | 165,832,015 | 7,260,746 |
| 418,855,102 | 441,309,701 | -22,454,598 | Sub Total | 490,997,081 | 507,711,807 | -16,714,726 |
| - | -24,065,300 | 24,065,300 | Less : Inter-Departmental Charges | - | -24,084,697 | 24,084,697 |
| 418,855,102 | 417,244,401 | 1,610,702 | Total | 490,997,081 | 483,627,110 | 7,369,971 |

EMNAMBITHI / LADYSMITH MUNICIPALITY

APPENDIX E

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION AS AT 30 JUNE 2011

| Description | Original Budget | Budget Adjustments (i.t.o. s28 & s31 of the MFMA | Virement (i.t.o. Council Approved By-Law) | Final Budget | Actual | Unauthorised Expenditure | Variance | Actual as a % of Final Budget | Actual Outcome As A % Of Original Budget |
|---|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | % | % |
| **Financial Performance** | | | | | | | | | |
| Property Rates | 100,459,418 | 101,693,222 | - | 101,693,222 | 101,693,924 | - | 702 | 100.00% | 101.23% |
| Property Rates - Penalties Imposed & Collection Charges | 9,547,236 | 9,547,236 | - | 9,547,236 | 9,234,879 | - | (312,357) | 96.73% | 96.73% |
| Services Charges | 194,293,754 | 174,442,536 | - | 174,442,536 | 175,021,924 | - | 579,388 | 100.33% | 90.08% |
| Interest Earned - External Investments | 4,374,160 | 4,728,736 | - | 4,728,736 | 5,269,047 | - | 540,311 | 111.43% | 120.46% |
| Interest Earned - Outstanding Debtors | 2,200,405 | 2,200,405 | - | 2,200,405 | 1,078,141 | - | (1,122,264) | 49.00% | 49.00% |
| Fines | 2,603,438 | 5,760,835 | - | 5,760,835 | 4,363,734 | - | (1,397,101) | 75.75% | 167.61% |
| Licences and Permits | 4,627,955 | 6,384,759 | - | 6,384,759 | 6,184,630 | - | (200,129) | 96.87% | 133.64% |
| Transfers and Grants Recognised - Operational | 97,636,195 | 105,060,721 | - | 105,060,721 | 103,300,947 | - | (1,759,774) | 98.32% | 105.80% |
| Transfers and Grants Recognised - Low Cost Housing | - | - | - | - | 19,807,143 | - | 19,807,143 | - | - |
| Other Income and Profit on Fair Value Ajustments | 61,069,098 | 56,434,309 | - | 56,434,309 | 23,013,539 | - | (33,420,770) | 40.78% | 37.68% |
| **Total Revenue (Excl. Capital Transfers & Contributions)** | 476,811,659 | 466,252,759 | - | 466,252,759 | 448,967,907 | - | (17,284,852) | 96.29% | 94.16% |
| Employee Related Costs | 113,342,350 | 110,578,418 | - | 110,578,418 | 114,977,312 | 4,398,894 | 4,398,894 | 103.98% | 101.44% |
| Remuneration of Councillors | 15,213,609 | 14,034,013 | - | 14,034,013 | 11,080,332 | - | (2,953,681) | 78.95% | 72.83% |
| Debt Impairment | 11,037,230 | 11,037,230 | - | 11,037,230 | 2,486,128 | - | (8,551,102) | 22.52% | 22.52% |
| Indigency | 20,864,980 | 21,264,980 | - | 21,264,980 | 12,405,955 | - | (8,859,025) | 58.34% | 59.46% |
| Depreciation and Asset Impairment | 17,742,248 | 67,693,163 | - | 67,693,163 | 75,273,538 | 7,580,375 | 7,580,375 | 111.20% | 424.26% |
| Repairs and Maintenance | 30,186,290 | 32,750,015 | - | 32,750,015 | 27,656,336 | - | (5,093,679) | 84.45% | 91.62% |
| Finance Costs | 517,439 | 408,000 | - | 408,000 | 1,782,728 | - | 1,374,728 | 436.94% | 344.53% |
| Bulk Purchases | 146,122,632 | 116,600,000 | - | 116,600,000 | 113,539,623 | - | (3,060,377) | 97.38% | 77.70% |
| Grants / Subsidies and Rebates Paid | 2,251,300 | 5,547,614 | - | 5,547,614 | 5,147,362 | - | (400,252) | 92.79% | 228.64% |
| Transfers and Grants | - | - | - | - | 11,274,037 | - | 11,274,037 | - | - |
| Transfers and Grants - Low Cost Housing | - | - | - | - | 19,807,143 | - | 19,807,143 | - | - |
| Impairment of Inventory | - | - | - | - | 1,562,500 | - | | - | - |
| Loss on Disposal of PPE | - | - | - | - | 5,081,964 | | | - | - |
| Other Expenditure | - | - | - | - | 81,552,152 | - | (46,570,306) | 63.65% | 68.23% |
| **Total Expenditure** | 119,533,581 | 128,122,458 | - | 128,122,458 | 483,627,110 | 11,979,270 | (31,053,245) | 95.20% | 101.43% |
| **Surplus/(Deficit)** | 476,811,659 | 508,035,891 | - | 508,035,891 | (34,659,202) | (11,979,270) | 13,768,393 | 82.95% | - |
| Transfers Recognised - Capital | - | (41,783,132) | - | (41,783,132) | 42,029,173 | - | (61,415,827) | 40.63% | 81.58% |
| Contributions Recognised - Capital and Contributed Assets | 51,518,000 | 103,445,000 | - | 103,445,000 | - | - | - | - | - |
| **Surplus/(Deficit) After Capital Transfers & Contributions** | - | - | - | - | 7,369,971 | (11,979,270) | (47,647,433) | 11.95% | 14.31% |
| **Capital Expenditure and Funds Sources** | 51,518,000 | 61,661,868 | - | 61,661,868 | | | | | |
| **Capital Expenditure** | | | | | | | | | |
| Transfers Recognised - Capital | 51,518,000 | 103,445,000 | - | 103,445,000 | 42,029,173 | - | (61,415,827) | 40.63% | 81.58% |
| Public Contributions and Donations | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - |
| Internally Generated Funds | 16,840,917 | 23,458,501 | - | 23,458,501 | 21,582,802 | - | (1,875,699) | 92.00% | 128.16% |
| **Total Sources of Capital Funds** | 68,358,917 | 126,903,501 | - | 126,903,501 | 63,611,975 | - | (63,291,526) | 50.13% | 93.06% |
| **Cash Flows** | | | | | | | | | |
| Net Cash From (Used) Operating | | | | | 84,021,727 | | | | |
| Net Cash From (Used) Investing | | | | | (64,776,156) | | | | |
| Net Cash From (Used) Financing | | | | | (8,783,910) | | | | |
| **Cash/Cash Equivalents At The Year End** | | | | | 10,461,661 | | | | |